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JPRS-EER-88-022  
17 MARCH 1988



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# East Europe

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# East Europe

JPRS-EER-88-022

## CONTENTS

17 MARCH 1988

### POLITICAL

#### CZECHOSLOVAKIA

New Personnel Management Policy Sketched	<i>[RUDE PRAVO, 21 Nov 87]</i>	1
Hard-Line Attack on Prague Spring Intellectuals	<i>[Miloslav Bruzek; RUDE PRAVO, 12 Dec 87]</i>	2

#### HUNGARY

Journal Editor on New Party Style, Government Role	4
Newly Formulated Ideology Needed To Replace 'Distorted Dialectics' <i>[Gyorgy Jozsa; PARTELET No 11, 1987]</i>	7
Marxist, Socialist Hegemony Threatened by Other World Views	10
Some Responsibilities, Perks, Authority of State Officials Revealed	14
Future of Shortwave Broadcasting Discussed	18

#### POLAND

Polish-French Friendship Society Visit	<i>[RZECZPOSPOLITA, 27 Oct 87]</i>	19
Border Cooperation Protocol Signed With Czechoslovakia	<i>[TRYBUNA LUDU, 29 Oct 87]</i>	20
S&T Cooperation With Lower Saxony	<i>[RZECZPOSPOLITA, 27 Oct 87]</i>	20
Party Historians Confer	<i>[RZECZPOSPOLITA, 26 Nov 87]</i>	20
Plenum Supports Stronger People's Councils <i>[Krzysztof Mikolajczyk; RZECZPOSPOLITA, 27 Nov 87]</i>	20	
Peoples Council Changes Discussed	<i>[RZECZPOSPOLITA, 27 Nov 87]</i>	21
Gorzow, Kielce Party, Church Officials Meet	<i>[RZECZPOSPOLITA, 24 Nov 87]</i>	21
Bydgoszcz Church, Party Officials Confer	<i>[RZECZPOSPOLITA, 27 Nov 87]</i>	22
Conference on 'Church Propaganda,' Cooperation	<i>[TRYBUNA LUDU, 29 Oct 87]</i>	22
Przemysl Defense Committee on Public Property	<i>[NOWINY, 27 Nov 87]</i>	22
Teachers Union on Education's Role in Reform	<i>[RZECZPOSPOLITA, 27 Oct 87]</i>	23
'Wisla-Odra' Society Visits Sejm	<i>[TRYBUNA LUDU, 28 Oct 87]</i>	23
Poles 'Exploited' by German Reich Organize	<i>[RZECZPOSPOLITA, 27 Oct 87]</i>	23
Ghetto Uprising Anniversary Preparations	<i>[RZECZPOSPOLITA, 1 Dec 87]</i>	23
Peasant Role in October Revolution	<i>[RZECZPOSPOLITA, 29 Oct 87]</i>	24
School Named for Peasant Leader Witos	<i>[RZECZPOSPOLITA, 29 Oct 87]</i>	24
PZPR Academy Views Social Policies	<i>[RZECZPOSPOLITA, 27 Nov 87]</i>	24
First National Narcotics Forum Held	<i>[TRYBUNA LUDU, 26 Oct 87]</i>	24
Psychiatrists Discuss Dependencies	<i>[RZECZPOSPOLITA, 26 Nov 87]</i>	24
OPZZ Notes Growing International Contacts	<i>[RZECZPOSPOLITA, 27 Nov 87]</i>	24

### ECONOMIC

#### CZECHOSLOVAKIA

New Concept of Foreign Economic Relations Viewed	<i>[POLITICKA EKONOMIE, Nov 87]</i>	25
Pricing, Full Khozraschet Relations Explained <i>[Rolf Grunwald; POLITICKA EKONOMIE, Aug 87]</i>	25	

#### HUNGARY

Wage Reform, Stricter Regulations Called Compatible	32
Greater Enterprise Interest in Increasing Exports Sought	34
Restructuring in Practice; Metallurgy at Crossroads	36

**SOCIAL**

**CZECHOSLOVAKIA**

Report on Criminality in Economy [Karel Walter; <i>RUDE PRAVO</i> , 13 Nov 87] .....	39
Family Size Planning Surveyed [Jaroslav Kraus; <i>DEMOGRAFIE</i> No 2, 1987] .....	40

## CZECHOSLOVAKIA

### New Personnel Management Policy Sketched

24000024 Prague RUDE PRAVO in Czech  
21 Nov 87 p 1

[Text] The transition of the economy to new conditions is without doubt one of the most complicated tasks facing us. Social development gives evidence not only of the capacity and potentiality of our economy but also of the quality of our people, particularly of the supervisory personnel at all levels. During the past several months we have published in RUDE PRAVO a number of contributions on this subject in the column Cadres and the Requirements of Restructuring. It became obvious that this is a subject of great social urgency.

"It can never hurt to place confidence in young and able people in cadre work. It is my experience that they know how to appreciate it. But one also has to know how to choose well, because everyone is not suitable for everything," wrote Eng Jozef Augustin, manager of the clinker plant of the Slovak Magnezite Works, National Enterprise, Kosice-Tahovice Plant, in his letter to the editor of RUDE PRAVO for the above mentioned column. The Director of Plant 08 of the East Bohemian Canneries and Distilleries in Cernozice, Jiri Hlavacek, wrote that according to his experiences, the basic requirements in a good manager today are activism, dynamism, and courage. He must have the desire to improve things, to do work that will leave its mark, in short, to be eager to accomplish something. And that people, especially the young ones, are eager to apply their knowledge and abilities which is made clear in a letter to the editor written by Iva Bartunkova from Transporty Chrudim.

The authors of these contributions, which are being published since 20 May of this year, offer both good and bad experiences but they all agree on one thing—they confirm the justification and permanent validity of the requirement that in the supervisory positions, at the head of work collectives, in economic as well as political functions, there should be people who are professionally able, reliable, politically mature, and morally irreproachable. Such people always have enjoyed confidence and support. In cadre work, such has been and is the approach in an overwhelming majority of cases.

However, current practice also sometimes confirms how easily poor cadre work can become a hindrance. And what is it we are talking about? There are enterprises or plants where people in supervisory positions are being changed more often than is healthy. When we analyze it a little more deeply, it usually appears that one cause—and not at all one that can be disregarded—sometimes is the "day to day" cadre work which lacks continuity between stability and an inevitable change in cadres. Social practice requires new approaches.

In Kozmetica Bratislava, in Elitex Kostelec and Orlici, and in plant Dako of the Heavy Machinery Works in Třemošnice they recently tested in practice the possibility of electing the director, a practice also talked about in the Draft Law on State Enterprise. Their first experiences confirm that work collectives, having a great sense of responsibility, give their votes to those candidates who bring a well thought-out concept, a fresh look at current problems, who are, one might say, very up-front, do not cover up shortcomings or promise the impossible, are demanding, and rely primarily on peoples' abilities.

As we have already informed our readers, on Thursday the presidium of the KSC Central Committee discussed the proposal for measures designed to improve the quality of cadre work following the 17th Congress of the KSC. It emphasized that the growing importance of cadre work requires that it be fully linked in all sectors to the new tasks which the party is working on in connection with the restructuring of the economic mechanism and other areas of public life.

The presidium of the KSC Central Committee pointed out that in cadre work it is essential to apply consistently collectivist and democratic principles, choose from a larger number of candidates, and look for competitiveness and leadership ability in selecting supervisory personnel. And that, along with Communists, also non-party members, members of other parties of the National Front, have to be promoted to positions of responsibility in greater numbers.

In cadre work it is essential to apply high requirements for political maturity, professional ability, and moral character.

Furthermore, the ability to train their successors in time and unselfishly pass on to them their experiences is certainly a measure of the cadres' political maturity; however, the responsibility for the quality of cadre work belongs primarily to party agencies and organizations. After all, cadre policy is one of the most important tools for implementing the leading role of the party. The selection from several candidates will also be realistic in the future, particularly in those situations where even today people are conscious of the fact that eligibility in itself does not solve everything if the preparation and education of managers lacks concept and perspective.

To put it in Lenin's words, it is essential to constantly "patiently test and discover real organizers," then "after numerous tests, lead them from the simplest tasks to more difficult ones, and place them in responsible positions."

Yes, that is the only way to ensure a smooth exchange of experiences in managerial work and other practical specialized knowledge; to accomplish that people newly

appointed to functions are able to develop continuously from the beginning—without serious mistakes and unnecessary on-the-job learning—to work on their given tasks.

It is certainly not possible to change from day to day the age-old stereotypes of managerial practices, but one cannot help but see that in many instances they influence the managers' thinking and decisionmaking. This has been confirmed also during the discussions of the draft law on state enterprise. Some managers, particularly at the level of economic production units, today consider the structural and organizational questions of future arrangement of economic units rather more important than a smoothly running production in the enterprise and the fulfillment of the plan. That places that much more responsibility on party agencies, individual functionaries, as well as the entire basic party organizations.

They must increase the managers' responsibility for reliably ensuring a continuous run and high quality of production, for consistently implementing adopted resolutions. Thus, above all, to set high standards and principles in exercising their right to control, watch closely how decisive tasks are being implemented, energetically push through changes aimed at increasing the efficiency of production. At the same time, managers have the obligation to inform the party organization as well as the work collective about the measures that are being planned for improving the situation in production and increasing discipline and order in the work place, and what they themselves have done in this respect.

The contention that cadres will determine to a great extent the fate of the reform (and not only the economic one) is not an exaggeration. By their quality training, control, political leadership, and support, the party agencies create conditions for implementing the leading tasks of the party under the new circumstances.

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**Hard-Line Attack on Prague Spring Intellectuals**  
24000034 Prague RUDE PRAVO in Czech  
12 Dec 87 p 6

[Article by Miloslav Bruzek: "Wins and Losses in the Cultural Revolution"]

[Excerpts] Speeches by party leaders have made it clear that the party places greatest emphasis on the artistic quality of a work. The party opposes schematism and vulgarization. The party opens the way to developing multifaceted forms of socialist art.

In the early 1950s the positive development of Czech and Slovak culture was disrupted in part by the conviction of the DAV on trumped up charges of unmarxist and nationalist deviationism, of an incorrect attitude to the working class. Violations of the law and the condemnation of the Stalin cult of personality brought turmoil to

communist intellectuals. Certain enemies of socialism also tried to exploit this turmoil for their own ends. The condemnation of the cult of personality was perceived as a condemnation of the socialist system. The second writers congress attacked the overall orientation of culture and literature. The slogan "writers are the nations conscience" was used to discredit communist artists who, as J. Seifert declared in his speech, had been lying throughout recent times. Antonin Zapotocky, while acknowledging the great talent of J. Seifert, pointed out that Seifert may not be considered either as a reliable supporter or as a fighter for the socialist way of life. He also criticized those "penitents" who announce that they have been lying for decades. Clearly we need to admit that we have made mistakes, but whoever consciously admits to lying is admitting to taking advantage of the times in order to make themselves look good.

In his evaluation, at a national conference, of the second Czechoslovak writers congress, V. Kopecky noted that the attack was participated in shamelessly, and in a spirit of most platitudinous liberalism, not only by radical proponents of socialist realism, but also by people known prior to the second congress as "merciless sectarian inquisitors".

By the end of the 1950s we had succeeded in deflecting this first open attack by the opponents of the developing socialist culture. Leading communist artists played a role, in particular V. Nezval and M. Pujmanova, who both realized the types of goals for which the second congress was to be misused. The party focused attention on developing cultural life in regions and localities. A number of laws relative to culture were passed and helped to create favorable conditions for this.

It was stated at a national congress in 1960 that socialism had been victorious in Czechoslovakia. Society was embarking on a new stage of development, but its character, its tasks and even its strategies had not been completely clarified. The over-estimation of successes, self-satisfaction, wishes put forth as reality, belief in the omnipotence of administrative measures—all this could not but result in neglect of the views of the workers and in an underestimation of the value of theoretical work. The process of a socialist cultural revolution was declared to be complete.

Weaknesses in the cultural policy of the party were evident in criticism of literary and cultural periodicals by the CPCZ CC presidium. These criticisms point out, on the one hand, the abnormality of the situation in which literary and cultural periodicals take issue with the party on policy, attack dogmatism, but, on the other, they fail to point out the growing danger of liberalism. No steps were taken to resolve these problems.

The resolution of the 13th CPCZ Congress regarding culture was a serious attempt to analyze the existing situation in culture and to search for solutions. It was a

program document that focused culture on the resolution of concrete problems generated by essential social changes in the economy and in policy.

The resolution emphasizes that the socialist cultural revolution is a long term process, one that is intertwined with the ongoing R&D revolution. The resolution also emphasizes the renewal of continuity with progressive culture between the wars. Both then and now avant-garde and modernist art are understood as a union between the artist and the progressive forces in a society. In current discussions democratization and liberalism are not interchangeable. We cannot place ideologically antithetical currents in art on an equal footing. This only weakens the principles of ideological commitment, party orientation, popular orientation, and democratism in culture. Thus, the existing system and techniques for disseminating culture were facing new tasks and this forced us to find new, attractive forms for educational and cultural activities. This resolution is proof of the fact that the party tried to react to the crucial issues of cultural development.

An administrative, bureaucratic attitude that disrupted internal party democracy, a voluntaristic approach to problem solving, feelings of self-satisfaction based merely on field reports, belief in the omnipotence of resolutions passed without the knowledge of facts, all combined to evoke justified dissatisfaction with the existing management techniques, and put a damper on the activity of party basic organizations. The cultural right wing was well aware of this situation and was able to take ample advantage of it to gain entrance into the political strife, and thereby assure its position in the struggle against socialism.

The Fourth Writers Congress convened in June 1967 in this tense political environment. Party agencies had to acknowledge that opposition forces were on the attack. This involved a coordinated action by the congress organizers, who came forth with open criticism of socialism and condemned the entire current stage of our literature, claiming that its "plebian character" had forced it to the periphery of European literatures. Lessons from the Crisis Development states that "the speeches of a group of writers organized around A.J. Liehm, P. Kohout, M. Kundera, K. Kosik, L. Vaculik, and J. Prochazka at the Fourth Congress was an open attempt to establish a revisionist, antisocialist, and anti-party platform, with the objective of gaining public support for it."

The CPCZ CC began discussions of improper work techniques at its plenary sessions in December 1967 and in January 1968. The resolutions of these sessions were to establish the essential conditions for implementing the resolutions of the 13th party congress by strengthening the leading role of the party. The new leadership, under A. Dubcek, was unable to implement these tasks. The Dubcek government was unable to take advantage of the trust of a majority of party members and put itself

in the forefront of Marxist-Leninist forces. This dashed the hopes that party members and nonparty members alike had put in development after the January plenum. Lack of discipline, indecisiveness and uncertainty allowed right wing elements to gain ground and make an organized move.

Because the election of Dubcek as first secretary was described as a victory of progressive forces versus conservative forces, the antisocialist elements were able easily to enter the political struggle. From the start, it was possible for them to conceal that this was a fierce class struggle for political power and the very existence of socialism. In this way, in early 1968, rightist forces in culture were presented with an unusual opportunity to step forward as the organizer of the so-called renewal process.

The many contradictions in the cultural development of the 1950s and 1960s allow us to evaluate it in light of the facts and ascribe to it a completely different importance and meaning. The negative phenomena of these years cannot be glossed over, just as one cannot gloss over superficial changes in sentiments and convictions, which were calculated to obtain positions of power. Substituting a struggle against socialism for a struggle against the cult of personality, dogmatism, and shortcomings, a fact that was not clear at the time, meant a revival of the hopes of those who had played out their hands in 1948.

In the heat of the battle against dogmatism, it was easily forgotten that the greatest antidogmatists and Stalin-beaters were the very people who had been criticized as late as at the Ninth CPCZ Congress, for vulgarizing the concept of socialist activity. Yet the blame for schematism and naturalism, incorrectly and purposely equated to socialist realism, is not ascribed to the vulgarizers by such critics as V. Cerny and J. Chaloupecky, but to the party, the leaders of which had warned against the deformation of the concept of socialist activity in the first place.

It was incorrect implementation procedures, then, that made it impossible to carry out the resolutions of the 13th CPCZ Congress. Events of 1968 put an end to any efforts to strengthen the socialist character of culture in line with new needs of society. Both facts are proof of just how long positive developments were delayed, of just how many unnecessary crimes were perpetrated in the intellectual area, and of just how many human lives were ruined by ambitious individuals and staunch enemies of socialism because so many people did not realize what was going on for too long.

## HUNGARY

### Journal Editor on New Party Style, Government Role

25000091 Budapest *OTLET* in Hungarian  
12 Nov 87 pp 16-17

[Interview with Sandor Lakos, member of the Central Committee and editor in chief of PARTELET (Party Life), by Ervin Csizmadia: "Dialog About Reform of the Political Institutional System"]

[Text] [Question] Today speaking about a reform of the political institutional system no longer means any special daring. But for a long time this was not at all so. Then, by the first half of the 1980's, the social-economic difficulties and tensions had increased. You participated in projects aimed at a further development of the political system. Do you think that it is possible to say that the inefficient operation of the economy is a reason for changing the political institutional system?

[Answer] I believe it would be a vulgarization if we were to refer the necessity for the forthcoming reform of the political institutional system simply to the negative processes which can be experienced in the economy. Even if we were well off in economic respects there would still be a need for changes in the political institutional system. This political institutional system has not been able to follow to a sufficient degree the changes which have taken place in society and in its structure—although much has changed in recent decades (let us think only of the development of the interest representation system, of the reform of the council system, of the modification of the electoral system, of the reevaluation of the role of the trade unions, of the development of the TOT [National Council of Producer Cooperatives] and of other developments). For example, we had an earlier thesis about a uniform worker class, which recent decades have fundamentally gone beyond; a number of strata which can be distinguished from one another have appeared within the worker class. The producer cooperative youth and the stratum of university students similarly have profiles which deviate from one another. These phenomena raise the need for a new sort of solution for the system of expressing and representing interests.

We have also discovered—of course not today—that various property forms may coexist in socialism, and not in a hierarchical relationship to one another. This again raises the rethinking of a mass of questions, and naturally makes institutional changes necessary.

[Question] In the opinion of many one of the causes of our present troubles is that the 1968 reform squeezed society into the sphere of the economy and did not initiate a reform of the political institutional system, which appeared necessary even then. It is frequently said today that reform has sense only if it extends to every

sphere, that people do not understand why this was not so obvious two decades ago. Why could not the political institutional system be touched earlier?

[Answer] Really I also frequently hear that society got the economic possibilities beginning in the 1960's, and has not gotten the political ones. One also hears that in the area of the economy we have passed on into the intensive phase, while the political institutional system still carries to a certain degree the marks developed in the extensive phase. I believe that this approach is not sufficiently precise. In the first place let me note that in my opinion even in the economy we have not passed on into a really intensive phase; we have not succeeded in really creating anywhere (not in the economy and not in the sphere of politics) conditions for interest, performance or participation. But what is more important, what is involved in the political sphere is, I believe, differences of a different character and quality.

To the second part of the question I might say that although the 1968 reform did bring a radical change the then reigning judgment did not dare to take additional, very important steps because it felt that possible reforms of the political institutional system might endanger the economic reform itself. It was the reigning opinion (and since I myself participated in the work preceding the reform I might say that it was our opinion) that we should not even make changes in the state, economic, institutional frameworks (the ministries) closely interdependent with the economy, because the consequences might be incalculable. Even in the case of an organizational reform of one ministry we would have run afoul of contrary ministerial interests. And I might add international reasons as well; even the idea of economic reform evoked a certain sort of criticism and reservations in friendly, socialist countries. This would have been even greater if we had set ourselves to make changes in the area of political institutions as well.

[Question] But the reform today is being watched by a substantially more favorable international medium, especially in regard to the Soviet Union. There are better chances for a transformation of the political institutional system now, and also a greater necessity—looking at the internal problems. What institutions should we think about in connection with the reform, and what are the theoretical starting points for the transformation?

[Answer] A given political institutional system is never identical with the sum or combination of the functioning of the individual institutions. What is interesting is the relationship of the several institutions to one another, what sort of rules and norms are observed among them. A political institutional reform always strives to change these relationships too. What is involved is not only changing the internal functioning or order of individual institutions but also thinking through how this will affect other institutions and organizations. At present the most important elements in changing the political institutional system are the party, the state organs, the local

self-governing organs, the associations and federations, the press and forms of mass communication, various other forums for publicity and the social organs. I think that the reforms may influence the functioning of these in four directions. One is a growth of democratism, another is simplification of operation, the third is a reduction in excessive control from above and finally the fourth is a freer, more realistic clashing of interests. Naturally these are only theoretical starting points.

[Question] So let us take the list of institutions you mentioned. The party stands in first place in the list, and I think that society also may expect the most from a change in the present way of functioning of the party. A question has arisen regarding regulation of the party by means of laws. In your opinion, what are the most important change tendencies in regard to the role of the party?

[Answer] In the first place I do not think that regulation by law would be a solution in this area. It would be very difficult to determine by the letters of a law which question belonged to the party and which did not. And we must regard it as self-evident that the party is functioning within the framework of constitutional order and cannot put itself beyond the laws. Where do I see a problem? I feel that the party is built too deeply into the state and social decision processes; in a number of questions this narrows the operational area of other elements of the political institutional system. It was an old, proven practice for individuals and institutions—even for state organs—to turn to the central party apparatus even with questions which could have been solved there on the spot. Of course this was obviously a consequence of the fact that in the initial period of socialism there was the control from above already mentioned; too much power was concentrated at the top levels. Today the party is deliberately trying to limit itself and win lower levels for responsible decisions.

It is certainly not a fortunate situation if the administrative or power organs of the state turn to the party even in professional questions. Of course there is also logic in this; with the party's stamp the responsibility for a possible failure can be shifted to the party. So one factor in modifying the role of the party is self-restraint. Another is democratization of internal life. We must think through the entire decision mechanism in connection with this. To simplify a bit, the practice thus far has been that for the most part we worked out the decisions centrally, and then asked for the participation of the party membership in carrying them out. Very rarely could or did the membership get an initiating role. Many more draft decisions should be discussed with the party membership, and with broader society too, and we should require that more initiatives come from below. Party work and the preparation of decisions is still surrounded by superfluous secret mongering. In my opinion it would be much more useful if the shop work,

the preparation, the arguments and counter-arguments—often so prolonged—were more public, if the membership could become acquainted with the various alternatives.

[Question] What you say is connected with a rethinking of the principle of democratic centralism.

[Answer] Precisely. The concept and practice of democratic centralism must be more correctly interpreted, if you like reinterpreted, in order to develop a more democratic functioning of the party. On the one hand this principle means that the membership should elect the leadership democratically and be able to carry out its decisions, and on the other hand it means that debate is possible, even desirable, before a decision, but after that comes implementation. Today, however, very few draft decisions come before the membership in a preliminary form, so the debates cannot be worth very much. This should be changed first. And we should also consider having the membership debate and criticize the decision at a party forum when they become acquainted with it. There is an indispensable need for this feedback strategy. This is a sort of self-control for the party leadership, it is an expression of its role as its own "opposition." Democracy within the party can increase only if the party deliberately strives to permit counter-opinions, to let them appear sharply and become public too.

[Question] Many would be happy if the citizens could learn something about the power relationships within the party leadership. Would this be too much to ask?

[Answer] If you mean the content of opinions then I feel that this is a fundamental requirement in a socialist society. Not because we should debate about persons but rather so we can debate the ideas expressed by them. The debates taking place within the party should be handled much more openly.

[Question] Since you have mentioned debates, this raises the question of the polemic with "other opinions" outside the party too. The insiders know that for a long time we have had an organized "other opinion" here, those who think differently, but whoever hears of this for the first time, let us say in Parliament, may be startled, because up to now we certainly could hear about the opposition publicly either not at all or only very one-sidedly. What is your opinion about this question?

[Answer] The expression "those who think differently" is not very apt, because I believe that many people think "differently" and this term should not be applied only to some. And let me add that thinking also takes place in the party. Naturally there are expressly hostile views—although to an insignificant degree—and these must be rejected, but we should distinguish from these the "opposition" or "those who think differently." For a long time we classified thinking differently as opposition, but

in my opinion "thinking differently" in regard to Marxism could be a worldview thing—let us say the acceptance of religion, which can be and is accompanied by an acceptance of and even support for socialism. If we consider that there are nearly 900,000 party members then should we classify the other members of society as opposition? This is absurd. So I consider to be opposition only that group which conducts organized activity in an organized form, regularly, with publications and in other ways. I have read a lot of these publications and I can say that there are many ideas in them with which the party also can agree. Of course there are also utopian proposals or expressions popularizing bourgeois democracy, even expressly ill-willed, summary opinions. An objective debate can and must be conducted with the opposition; the party leadership is ready for such a dispute. We should not be afraid to say that one can learn even from the enemy, so naturally from the opposition too. But greater activity should be shown in the exchange of ideas. There is a great need for real debates about essential things.

[Question] So the party is the crucial element in a renewal of the political institutional system. Let us talk about the others. You mentioned state organs. After the fall session of Parliament the question naturally arises, What role can Parliament have in the reform process?

[Answer] Many feel that in the conditions of a one-party system the role of Parliament cannot be effective, in advance. I do not share this view. Increasing the role of Parliament is interdependent with what we have been talking about, changing the work methods of the party so as to give much greater scope to Parliament too, for example. Parliament should not express an opinion only when voting on laws already worked out. The Constitution states that laws are needed in the most important social questions and that only Parliament can make them. At the same time, the practice of using decrees with force of law, which can be issued by the Presidential Council, is too widespread here. It should be made clear in which questions there can only be a law and cannot be a decree with force of law. The way it is now we have many more decrees with force of law each year than we have laws. But responsible legislation, creating laws, is one of the most important tasks of Parliament. The other fundamental function of Parliament is to exercise oversight over the government. Politically the party monitors the government, but Parliament monitors its concrete activity. Of course a lot of things will be needed for more responsible, worthwhile parliamentary work, such as increasing the length of sessions, clarifying the status of representatives and much more. A plan has been considered whereby representatives selected by various social organs themselves might run on a national list.

[Question] You mentioned the role of the government. I think that it would be worthwhile for a responsible popular representative institution to monitor only a renewed style of governmental work.

[Answer] Increasing the independence of the Council of Ministers is a part of the reform of the political institutional system. First we must change the present feature whereby the individual ministers for the most part represent in the Council of Ministers the interests of their own branches. It should be the other way around. The Council of Ministers should not assume ministerial tasks. Here also the decision right should be placed lower down. There is no sense in taking higher what can be solved at the ministerial level. At the same time there is a need to simplify the work of the Council of Ministers. Now there are an awful lot of government committees, which may perform important tasks, but at the same time this makes a given minister unimportant, because the government committees are superior to the minister.

[Question] In the eyes of public opinion another neuralgic point is the often formal functioning of various social organizations, let us say that of the KISZ [Communist Youth Federation] and the trade unions. Of course very many social organizations still exist, but the problem may be thought to be a common one—minuscule effectiveness and little self-activity.

[Answer] What is essential is that they should exercise their increasing role with greater independence. Let us note, there has been some development. But as a whole the situation even today is that the SZOVOSZ [National Federation of Cooperatives], for example, must give a preliminary opinion on 330 government proposals per year. It is not difficult to see with what efficiency this can be done. It would be correct if this number were radically reduced and if the government asked the opinion of the social organizations only in really important questions. But this would require a change in work style too. The other element is that these organizations should be left to decide independently and take responsibility for it; all sorts of midwifery are superfluous. This also means that the leaders should depend much more on their own memberships. Today it is fairly common or at least common enough that "life moves" over the head of the members. The third thing is to make the work of the social organs have more of a movement character, which means that there should be more communication from below between the leadership and the membership; the membership should be really politically active, should be able to decide what to take up vis-a-vis the government, etc., etc.

[Question] Self-activity, autonomy, is also a key question in the case of various federations and associations. I confess that I was very happy that you could imagine a reform of the political institutional system which took these organizations into consideration.

[Answer] The party must think through how it should support self-activity. If only because the lives of millions are involved, and so far the party has not been prepared to deal with this question. In my opinion the passage of a new associations law is an indispensable element of the

reform of the political institutional system. All this might serve the goal of using every initiative and value coming from below in the interest of society.

[Question] I read in a study that Hungarian society has a conscious experience of reform which is a good bit less than the reform measures actually implemented in recent years. I might add that the reform is often given a negative coloring, because it is coupled with a worsening at the level of individual life. Is it not possible that a reform of publicity is a precondition for a reform of the political institutional system?

[Answer] The role of publicity is certainly gigantic. This is rather contradictory for us; everything appears in the press, one can read about everything—and about the opposite of everything—but often those most affected do not know the important facts pertaining to them, the proposals and studies. If, for example, the collective of a ministry does not know about something they should know about (let us say about an important draft decision) then what is behind this may be that they do not expect much from their intervention. I think that this is also true in the case of the broader public. In many places the citizens are not informed in time because they cannot imagine that the original idea might be changed as a result of their opinion.

In contrast to this a continual intervention and feedback are conditions for democracy. The reform of the political institutional system also depends on the extent to which people are acquainted with the ideas pertaining to it and the extent to which they will have a way to debate and supplement these ideas. The institutions suitable for them cannot be found over the heads of people. So the ideas being worked out now should and must—presumably—be debated in an ever broader circle.

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#### Newly Formulated Ideology Needed To Replace 'Distorted Dialectics'

25000096 Budapest PARTELET in Hungarian  
No 11, 1987 pp 28-32

[Article by Gyorgy Jozsa, chief, Social Science and Research Division, Ministry of Culture and Education: "The Changing Functions of Ideology"]

[Text] In our ideological life of the past years it has virtually become a fashion to debate whether Marxism is experiencing a crisis, whether the socialist value system has shattered, whether a modern socialist image exists (or if it can exist at all). Undoubtedly, these debates signal the openness of our intellectual life, and call attention to a series of questions that beg to be answered in terms of theory, social research and propaganda. But there is too much idling in the course of these debates:

instead of analyzing substantive issues, the debates are frequently exhausted in often over-stated, proclamation-like opinions, and publicistic fervor frequently replaces sober, scientific argument.

This is a hard-to-avoid, virtually typical flaw of ideological exchanges of view that deal with the "big" issues. This is so because if, for instance, the debate opens with the question of whether "Marxism is obsolete," the question itself limits the answers in advance, and the debate stops short at the level of generalities. One response holds that Marxism and Leninism is not experiencing a crisis, but marxist theory is not yet able to provide answers that are scientifically grounded and ideologically convincing to a host of new questions posed by social development. At least from the standpoint of the cultivators and propagators of marxist theory this seems to be a realistic, and at the same time a critical point of view, but it falls short from being suitable to convince those who doubt the validity and modernity of the marxist system of thought and way of thinking. We will be unable to make progress in strengthening the hegemony of marxist ideals if we debate Marxism, socialism and values in general terms only. The ideological questions which stem from our specific social, economic and political conditions that bother people today can be answered convincingly only through the analysis and the theoretical generalization of the new trends in our social processes.

Accordingly, the avoidance of verbose debates that lose track in generalities, the cultivation and convincing conveyance of sophisticated theory should be the path and method to be followed in the interest of ameliorating and eliminating the ideological indifference, the confusion of ideals and the uncertainties in values that have emerged lately with increasing strength. Use of the conditional sense is justified in many respects. The development of marxist theory and the improvement of ideological work are urgent tasks, but ideology does not exist by itself, and not by virtue of its own postulates. (Let me remind the reader here of the marxist definition: people become conscious of, and struggle through their social conflicts with the support of ideologies—conflicts, the ultimate foundations of which can be found in economic development.) If there exists ideological confusion and uncertainty today—and the fact that it exists is demonstrated not only by the confused character of the above-mentioned debates, but also by other experiences—the causes of that confusion and uncertainty must not be sought exclusively and primarily in the ideological sphere. Ideology and ideological work can ameliorate (but also aggravate!) these disturbances, in and of itself, however, it is unable to resolve or to discontinue those disturbances.

It would be an impermissible over-simplification to explain the process of ideological uncertainty directly and only with economic concerns, and with the social and political tensions that accompany those economic concerns. In my opinion, the fundamental cause of this

phenomenon runs deeper: the real challenge to the socialist economy, politics and to marxist theory can be found in the theoretical and practical problems that await clarification in the process of transition to a new, intensive phase of socialist development, in the difficulties of path-finding, and in the unprecedented acceleration of technical, technological and information-technological changes that take place in the most developed regions of the global economy.

The radically new issues presented by reality demand primarily practical, i.e. economic and political answers, but unaided by theory, by marxist social sciences, the political sphere is unable to provide these answers. The party's program for economic and social evolution aims for providing this practical response, or at least the initial phase of that response. Ideology today must contribute first of all to the mobilization of the intellectual energies needed for evolution.

This task must not be interpreted on the basis of the constraints of old reflexes, or perhaps as an agitation function. This is so because the issue is not limited to the resolution of pressing economic concerns, at the same time it pertains also to the perspectives of socialist development. For this reason, in terms of ideological work, it will no longer suffice to continue the way we conducted our ideological work before, even if we continue that work in an improved, more convincing, more flexible, and more colorful manner. Just as there are new solutions needed in the economic and political realms, we can no longer delay the renewal of our ideological work. The foundation and propellant for such work can be found only in the development of marxist theory and of marxist social sciences. At the same time, this renewal presumes the re-thinking of the relationship of politics and ideology pursuant to present-day circumstances and requirements, the analysis of the functions of ideology and the changes in these functions, and the examination of relationships and the functional peculiarities of the ideological conveyance systems.

The bourgeois opponents of socialism more than once accused marxists of wanting to fit society into the narrow patterns of theoretical dogmas. The intent is clear: it is to depict socialism as an abstract, theoretical invention, and to thus question its practical feasibility. Socialism has proved to be viable, because it did not accept the task of realizing Utopian expectations. Instead, socialism has built political action that changes society on the scientific analysis of the kinematic laws of capitalism. This relationship, however, became reversed in the post-Lenin decades of socialism, when dogmatism permeated theory, and this fact not only placed obstacles in the way of marxist theoretical development, but also inflicted serious damage to socialist practice. In reality it was not dogmatic theory that prevailed over politics, instead, political tactics became dominant vis-a-vis the theory. For example, by using faulty logic, although in form only, they deduced the political perception of the increasingly sharp class struggle in socialism from the

principle of dialectic contradiction. In reality, this tactical consideration had a primary role, and the distorted dialectics functioned only as propaganda tools.

Socialism was able to part with its dogmatic distortion which was subordinated to theoretical tactics. Nevertheless one can discover even today the remnants of the relationship of politics and ideology that was distorted earlier—the old habits and reflexes continue to survive. These remnants manifest themselves in the organization of ideological work, in the setting of ideological goals, and in the functional mechanism and methods of ideological work.

On the one hand, there continues to manifest itself an unchanged, great inclination to "over-politicize," and with that to excessively "ideologize" social processes and phenomena. Certain economic, governmental, cultural and other problems which quite naturally have some political aspects, but fundamentally do not require a political approach, turn into political issues. On the other hand, some tactical political decisions and steps are explained as consequences stemming from "the" essence of socialism, from the foundations of the marxist conception of society. This has happened more than once in the past decades. It was this logic that had its origins in the peculiarities of given historical circumstances in given periods of socialist construction that became part of the image of socialism, and became the general socialist rule of law, at least insofar as propaganda was concerned. (E.g.: stable prices, continuous economic growth and an improving standard of living, at the same time, however, it is in the same way that economic management based on plan directive became the economic management system under socialism in any given period of time.) It was endeavored that various interest groups and partial interests be presented as virtually general societal interests, and for this too the tools of ideology were used.

In recent times we could frequently experience the paradoxical consequences of all this. Public opinion instantly interprets any contradiction, conflict, lack of organization, difficulty or subjective human mistake that appears in society as functional disturbances of socialism, and questions the truth of Marxism as the ideological foundation for socialism. If we elevate tactical steps to the level of theories, it comes as no surprise if people judge every issue on the basis of ideology. They demand that reality evolve pursuant to ideology, and because ideology and practice does not match, they not only criticize the mistakes of the practice, but also turn away from Marxism. It can happen under such circumstances—as it has happened during the critical periods of socialism—that the sanctioning role of marxist ideology weakens, moreover, that it becomes a destabilizing factor that strengthens the crisis manifestations.

We can find the way out of this situation only if we clarify the role and interrelationship of theory, ideology and political practice on the basis of marxist and leninist

conceptions. This is so, because ideology can really enhance the prevalence of the political trend if it does so pursuant to its own nature and according to its own functional rules. In politics, considerations of a strategic character and tactical decisions require different levels, forms and methods of ideological activity. The party's political strategy is shaped on the basis of the analysis of the theory of Marxism-Leninism and of fundamental processes of social movements. The party's tactical (daily, short- and mid-term) decisions may be linked to propaganda and agitation activities. Agitation mobilizes implementation by presenting the reasoning supportive of decisions; beyond that, propaganda's task is to explore the linkage of tactical steps to strategic goals, and the interrelationship of partial processes to movement trends that prevail in the longer perspective.

Quite naturally, the various levels of ideological activity are not and cannot be divided along rigid lines. Without the clear definitions of functions, however, ideology can fulfill neither its sanctioning nor its critical role. From this viewpoint the greatest mistake in our ideological practice seems to be that it is propaganda, and sometimes even agitation that represents theory, and agitation supportive of daily decisions turns into propaganda, and on occasion into something that is akin to theorizing.

Drawing such distinction between the levels of ideological activity cannot represent some kind of scientific aristocratism—one cannot underestimate the significance of propaganda and agitation. Nevertheless the interchanging of the functions may lead to ideological, moreover to political disturbances. Politics require theory that provides a foundation for the main course, and convincing arguments supportive of specific decisions, just as ideological activity cannot function without being assisted by political orientation, especially when it comes to linking daily political practice and the perspective developmental goals.

In addition to providing appropriate attention to the new circumstances of the relationship between politics and ideology, there is a need to review and to bring into better harmony the mutual relationship of various ideological conveyance systems. Mass communication media, and primarily television play a greater role than ever in the shaping of the people's view of the world and their political consciousness. Although ideological teaching and propaganda have recognized the significance of this already, they have not yet drawn the necessary conclusions from the viewpoint of the objectives and methods of teaching. This by no means is a matter of only how to improve our utilization of the means of video and film in the course of teaching, even though naturally there is a need for that also.

The basic premise of ideological teaching was that we will be able to mold the youth's marxist view of the world—the socialist political consciousness—on the objective basis of marxist development by propounding sophisticated marxist theory. For this reason, at various

levels of teaching, although in differing depths and detail, we viewed the acquisition of the world-view of dialectic materialism as the goal to be achieved. This was accompanied by the fact that we endeavored to teach the full body of marxist theory in virtually every form of instruction, in high schools, in the framework of KISZ political education, in party educational programs, at universities and at academies. Confident in a kind of omnipotent character attributed to teaching and to ideology, we often fostered unfounded hopes and therefore frequently could not even achieve our realistic goals.

A marxist view of the world can result of an entire process of upbringing and education, but even that only if we realistically consider the other influences that affect youth, and if we establish an appropriate division of labor between various educational forms and levels. In the context of public education, the foundations for a marxist conception of the world and of society must be prepared primarily by relying on the teaching of morality, by observing the worth of labor, the values of the community. At the university- and academy-level teaching of Marxism-Leninism, with the scientific-level conveyance of marxist theory and of the marxist way of thinking we must achieve that the students' knowledge acquired through experience and observation become part of the youth's consciousness on the basis of marxist theory and of socialist political commitment—the fact that socialist development is the only humane solution with a communal value to the problems of our age and society. From the standpoint of molding the world view and the political consciousness of the young intelligentsia it is particularly important that insofar as one's outlook on the world is concerned, the results of the teaching of Marxism-Leninism at the university and academy level be consummated in the form of party education.

The fundamental issue with respect to the development of ideological education is the extent to which such education is capable of providing a marxist explanation to the processes of this age. Unfortunately, our teachers cannot always rely on the appropriate theoretical generalization of new processes and developmental trend; one can also observe that social science findings are adapted to the educational process with a delay and in a simplified manner. For this reason it happens that certain views which have not been thought through properly, and insofar as their political consequences are concerned, have not been clarified, infiltrate the educational sphere; alternatively, some new issues are addressed by using theses that evolved at an earlier stage of theoretical development.

All this sheds light on the difficulties and increased responsibility that confront the work of teachers who teach ideological subjects. Young people want to have answers to the issues that concern them here and now, and the teacher cannot say that a scientific response will be developed at some later date. At the minimum he

must present the possible available alternatives in formulating his response. And if we do not want to reinforce prejudices that envision a dogmatic stiffening of Marxism, we must part with the earlier conception according to which only the mature [settled] results contained in marxist science can be taught. This is so, because bourgeois and opposition views are less measured, they offer instant theoretical explanation and political solution to every new phenomenon produced by reality. Only those teachers can stand fast who are capable of continuously renewing their knowledge regarding our societal and economic concerns and our political and social [welfare] tensions even under conditions of ideological uncertainty, and those, who can support the party's policies with conviction. To accomplish this, however, their work must be better appreciated, and they must receive more assistance in their preparation, and equally, in their political orientation.

The sense of ideological uncertainty we are witnessing in these days essentially evokes two reflexes. On the one hand, a viewpoint emerges according to which we should be "exiting" from [the realm of] ideology, on the other there are people who urge the start of an ideological offensive. Neither of these courses is passable, in my view. There is no vacuum in ideology; if we were to surrender the organized possibilities and forms of shaping a view of the world and of political consciousness, some views that are on the opposite side of Marxism would take their place. But it would be equally damaging if the announcement of some kind of an ideological campaign would evoke effects that are contrary to our intents. Only the well thought-out renewal of our ideological activity, the avoidance of forced ideologization, the harmonizing of the functioning of the ideological conveyance systems, the functioning of certain forms of ideological activities in a manner consistent with their original tasks may lead to the rebirth of the social hegemony of marxist ideals.

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#### **Marxist, Socialist Hegemony Threatened by Other World Views**

25000095 Budapest PARTELET in Hungarian  
No 11, Nov 1987 pp 21-27

[Article by Istvan Hajdu, Secretary of the Budapest MSZMP Committee: "The Experiences of Ideological Work"]

[Text] During the 1980's the main ideological tasks of Budapest party organs and organizations were information dissemination concerning the ideological background, theoretical foundation and basic correlation of party policies, the making of party tasks accepted, and mobilization for the implementation of those tasks. Party organizations endeavored to fulfill these tasks: by formulating political consciousness they significantly contributed to the dissemination of information concerning the resolutions of the 12th and 13th congresses,

and to the analysis and implementation of those resolutions. They spent much time on familiarizing the public with post-liberation historical processes, and with the lessons learned from those processes. They tried to present our current situation in realistic terms, to explore the chief relationships within our process of social development, and to point out future tasks. They reported on factors that influenced decisions, acted as stimulants for creative initiative and for the disciplined implementation of tasks.

In spite of these efforts, ideological work often failed to keep in step with requirements. We did not succeed in creating a conscious awareness of changes that took place in the external and internal conditions of socialist construction, and were unsuccessful in providing a theoretically sophisticated grasp of the substantive theoretical background of constructive social work and of relationships between new phenomena and processes. Only a smaller part of the Budapest party organizations was able to successfully deal with new and more difficult tasks. The perception, style and practice of ideological work is changing at a pace slower than desired. Efforts to improve this work did not always produce the desired results. We did not succeed in harmonizing theoretical and ideological foundations with certain actions, primarily because of our economic concerns and as a result of certain actions designed to ameliorate those concerns. Rather than performing comprehensive ideological work, the explanation of current tasks, and mobilization to perform priority tasks came to the forefront.

Under such circumstances, after more than one year of preparatory work, the Budapest party committee placed on its agenda the capital city's experiences in ideological life, and of work aimed at the development of political consciousness. It was our purpose to summarize the experiences gained, and to contribute to the preparation of the CC's agenda of an ideological character. We wanted to assist in the analytical work, and in the development of timely tasks. Through these processes we began to prepare for the implementation of tasks to be adopted by the CC.

One of the most important tasks in our ideological work is to formulate perceptions about socialism. The recent historical past is one source for the public to formulate views on socialism, the other source is a set of norms—standards which appear as future needs in the people's minds. During the first phase of socialist construction the masses expected that all the contradictions of old Hungary would be liquidated quickly and permanently. Such expectations were based on faith in the new society, but were often Utopian. Teachings of socialism that prevailed then and for subsequent decades envisioned a consciously planned socialist society. A society that could be established within a historically short period of time. In the envisioned society development would have been proportionate at an evenly high level, independent from possible crises in the non-socialist world. Actual development corrected this perception. It proved wrong

some elements of the perception, differentiated and qualified others, surfaced new values and rendered some old ones obsolete. Theoretical analyses of real conditions was generally delayed, and therefore public thinking was slow to develop. People have difficulty in accepting, or do not accept at all the gradual correction in perception which reflects reality.

In the course of ideological work, party organizations endeavored to present a realistic, but at the same time an attractive picture of the future, and of the intended society. Aimed at formulating consciousness, this work is continually influenced by vestiges of earlier knowledge that remain part of public perception, or by frequent prejudices and illusions. Contradictions between reality, public thinking and theory emerged with particular force in the wake of reform actions, which unfortunately coincided with the stopping short of our economic development, and at a time when our societal achievements underwent a significant reinterpretation. Beginning with the new decade, party organs and organizations tried to offset these effects through better planned, more conscious work. At the same time, however, a large part of the party membership, as well as many propagandists were constantly worn away between theses of teachings they learned earlier and believed to be correct on the one hand, and reality, which was evolving in a manner different from those teachings, on the other. Although in the meantime a number of questions received proper new theoretical answers, a large part of public opinion continued to struggle with the problem presented by the transformation of the socialist image perceived earlier. One part of public opinion used a yardstick which enabled the application of a deductive process starting out from the communist perception of society. This group felt that "we lost our way, because we abandoned the correct path, and we must return to that path." Another part viewed the practical problems as the failure of the entire theory. This group professes that attempts for the renewal of existing socialism prove that the societal perceptions of marxism and leninism lead to a dead-end, and that bourgeois perceptions are superior. And there are some in Budapest who view the present situation as a "transition between transitions," the problems of which will be automatically resolved as soon as the external conditions for socialist construction become more favorable.

The picture formed of capitalism, the other global system, is inseparable from perceptions that evolved with respect to the situation, and to developmental alternatives of socialism. Considering the competitive situation which has been in existence, and has been accepted and proclaimed for seven decades, people instinctively compare those features of socialism and capitalism that are familiar to them. The results of such comparisons strongly influence their identification with socialism.

During the past period our party organizations tried to present the world of capitalism in a more differentiated light, and to make their critique of capitalism more

convincing. They consistently pointed out that the bourgeoisie applied changing tactics to realize its unchanged class strategy. Consistent with its true role, the bourgeoisie has circumscribed the struggle for progress, democracy, socialism and peace fought by the working class, the masses of people and by the progressive forces. The earlier, one-sided evaluation of capitalism which almost exclusively presented the problems of capitalism, were beginning to be supplanted in recent years by a more objective and more realistic portrayal and qualification. While today we still notice a mechanical, simplified and all encompassing antagonistic contrasting of capitalism and socialism—such assessments appear mostly in mass-communications—a realistic consideration of the regenerative capacity of capitalism is already present in the minds of the ideologically better-trained strata. A large part of public opinion judges capitalist societies on the basis of developed capitalist nations. This view is strengthened—mainly in propaganda pertaining to economic policies—by recognizing only those capitalistic economic policies which apply to the more developed nations, while little is being said about the other spheres. The laws and antagonisms of capitalist development are generally known, but the bulk of theoretical knowledge related to capitalism is related to the free-competition-brand of capitalism, as that was revealed in the classics produced by the workers movement. There is less comprehensive, theoretically organized knowledge about the developmental processes of modern capitalism and about the broad possibilities of the age of state monopoly.

Despite great propaganda efforts, essential contradictions and tensions related to the present crisis of capitalism made little inroads in the public mind. These contradictions and tensions characterize inter-regional relations in the capitalist world, alternatively, relations between the developed and the less developed or developing groups of nations. Incorrect knowledge about capitalist formulations, which yield unrealistic, often one-sided, historically incorrect comparisons, significantly influence our accomplishments. A further hindrance to the formulation of a more realistic image of capitalism is the multiple effect of "critics of capitalism" who were alive in the recent past, and the fact that public thinking contains many illusions, alternatively, that such illusions reawaken in conjunction with the idea of a bourgeois democracy and a multi-party system. In the process of evaluating capitalism on the sole basis of efficacy, the accomplishments in the economic, technical, technological and technical progress areas appear as the only conscious yardsticks by which values are measured. As a result of this, the high level of production, flexible adaptation, and the prompt application of intellectual products in production appear in the consciousness of many as features characteristic exclusively of capitalist economic management.

The "short term" perception of the crisis category is also widespread. Since crises in capitalist nations are not felt everywhere and all the time, many doubt the truth of the

teaching according to which there is a general social crisis in capitalism. The fundamental reason for this is that in our earlier propaganda work we portrayed the crisis of the capitalist system inaccurately and in a simplified manner.

During the past five or six years, closely corresponding with our society's situation, the lion share of our ideological work focused on issues pertaining to the economy and to the standard of living. This was justified by widespread interest on the one hand, and by a political intent to maximize the mobilization of social forces and reserves, on the other. The main endeavor of Budapest party organizations was to present a realistic picture of the Hungarian economy, to point out the historical relative backwardness in the East European theater and some epochal economic achievements of socialist construction, and to discover the factors that helped disintegrate the economic balance and to slow down economic growth. They wanted to prove that the standards of the Hungarian people's economy, its available reserves, and the workers' dedicated efforts could ensure development and structural transformation, and that later these factors could increase the rate of growth, and with it the standard of living.

A lengthy historical process has played a major role in the development of the present state of the people's economy. It is equally obvious that the establishment of economic balance, the development of a new economic structure, and the acceleration of growth can be achieved through an extended developmental period, even with conscious, renewed efforts. The alternation between "extensive" and "intensive" which assumed historic dimensions in Hungary, continues under conditions which require brand new methods and solutions because of the present, in many respects open character of the Hungarian economy. These methods and solutions cannot be derived always unequivocally from previously proclaimed principles and from our earlier development. The understanding of such an approach to growth is made more difficult by the fact that even though the public generally agrees with the tasks related to recovery from the present situation, there is strong criticism of, and resistance to the choice of economic remedies and economic practice. In our days we hear debates that are as heated with respect to details as they were earlier, during the initial period of socialist construction regarding fundamental issues.

In seeking the roots of lack of understanding and of resistance, disregarding the actual, existing mistakes of political implementation as well as subjective opposing interests, we find that the largest problem is the lack of real or apparent theoretical clarity, alternatively the problem is confusion in the public mind concerning some fundamental theses and relationships in socialist economics. Economic practice is frequently not supported by economic theory, even if one considers that in

many respects practice relates to theory in a delayed phase. In addition, even the developed elements of the ideological background are not all known or accepted.

It is a fundamental matter to recognize and to acknowledge the producer character of the socialist economy and the consequent economic regularity. Public thinking includes some deep-rooted views which equate the socialist planned economy to the mechanism which is voluntaristic in character, is centralized and operates on the basis of breaking down the plan, together with the gradual decline of goods, money and market conditions. This is accompanied by the rejection of the indirect methods of involvement by economic management, the conservative, ideologically based motivation for the prevalence of the law of values and for economic efficacy. This rejection does not emerge as a general phenomenon everywhere, instead it appears within certain groups of society. At the same time, periodically "reform rhetorics" also gain a substantial base. Beyond these we find an abundance of popular and vulgar conceptions according to which all economic events take place the way social direction decides and regulates, and therefore, the elimination of mistakes and negative effects is only a matter of will.

Economic issues and matters related to standard of living policies have yet another dimension. This is the problem cluster of "equality and inequality." The general principles of distribution of wealth according to labor, and differentiation on grounds of achievement have difficulty in finding factual acceptance by the public. Some existing, surviving inequalities in our society which are not based on socialist principles play a role in this. These inequalities include the inconsistent enforcement of the distribution of wealth according to labor, and the fact that there is income being earned without work, or with disproportionate amounts of work. Another source of this problem is the conception of equality that was generalized following liberation. This idea is still espoused by the broad masses, the public view rejects any visible or sensible inequality. It is the significant resistance manifested by public opinion that prevents for instance the separate and consistent enforcement of distribution of wealth according to labor on the one hand, and social care on the other.

Certain actions which pertained to organizations established by, or formed within enterprises, and which affected proprietary conditions and forms of enterprise management, presented severe ideological problems in recent years. The actions taken were viewed by part of the public as forced, superfluous "side-steps" and not as progress. In the background we find the vestiges of earlier propaganda, in the center of which we find the scheme of the idea that "socialist economy equals state level public management," and the legalistic perception of complex conditions of production. This conception is further aggravated by lack of knowledge about proprietary, organizational, distributive and leadership forms that are most suitable from the standpoint of managing the economy.

During the last decade in Hungary the process of clarifying the place of interests and interest relationships in socialism has accelerated. But in the public view we still find only the coincidence of fundamental long-term interests of various social groups as the feature that characterizes socialism. Propaganda concerning interest relationships more or less permitted the public to learn about these processes in the context of the way the political mechanism handles interests, and of the fact that the representation and reconciliation of recognized interests takes place concurrently with that of other interests before the various forums.

Our consciousness-molding efforts were barely able to cope with the dialectics of the unity and dissonance of interests. A significant segment of the party membership, and even of party officials frequently recognized the stratification of interests with a certain sense of "embarrassment," even though it recognized the role of interests in the mobilization of society. Lack of knowledge concerning the economy and interests rendered the evolution of the relationship between the party, the state and the economy incomprehensible. These people are thus dependent on the alternating "liberal-conservative" demagogic with its more spectacular but shallow arguments.

Only the mechanical, hierarchical subordination principle and practice of the relationship between societal, group, and individual interests remained part of public consciousness. The majority of people have only a superficial, vague perception of real social conflicts and about conflicting interests. One reason for this is that the real nature of a part of the conflicting interests is difficult to recognize; there are conflicts we try not to notice, therefore we do not discuss those conflicts.

During the past years thought about interest representation developed significantly. There is a general recognition by which the social organizations have the duty to express and enforce the interests of specific social groups. At the same time criticism concerning the shortcomings of their work has increased.

A more forceful expression of interests is closely tied to the developmental opportunities of political culture and of socialist democracy, as well as to the modernization processes of our political institutional system and its functioning. In regards to the latter, specific actions produce a strongly divided public opinion, as this frequently happens in other areas also. There are some who try to protect the socialist system from even the smallest change, and see the key to political stability in the absence of change. Others try to resolve every tension through the transformation of existing structures.

Party unity and keeping in touch continuously with the masses are the fundamental requisites for strengthening the party's leadership role, and for the ability to conduct a successful policy of alliances. The condition for all this is seen by an increasingly broad stratum of the Budapest

party membership in the development of party democracy. There is agreement on the point that the timely issues of party development must be worked out in the public through social debate, and preferably by achieving a broad social consensus which would repeatedly renew and strengthen national unity. In regards to the development of a socialist democracy there exist some illusions also. These are primarily the results of being uninformed and not being involved. Even within the party membership the incorrect knowledge of the principle of democratic centralism remains a recurring problem, its practice is being exaggerated and extended beyond the limits of the principle's applicability. It frequently occurs that people sense a contradiction between the conditions of order, discipline and democratism. Many feel that the development of democracy is inconsistent with the enforcement of the central will, while at the same time public opinion increasingly appears to demand the joint emergence of both.

A majority of our society accepts the fundamental goals of socialist construction, but this, by no means represents unanimity in the way one views the world. During recent years, as a result of the party's policy of alliances, the populist-national unity of various classes and strata has gained strength, and this can be observed in regards to issues of an ideological nature. On grounds of fundamental, mutual interests, people, party members, and individuals outside of the party frequently find a platform of agreement regarding issues that encompass some fundamental, time-tested moral values (humanism, collectivism, national solidarity, right to work, the principle of achievement, equality, justice, honesty, democracy, social consciousness, etc.).

Together with the changes in existing socialism, also the content of socialist convictions undergoes a change, and so does social conduct deemed to be desirable, i.e. the socialist values. During the past years some unexpected, incalculable contradictions emerged, however. The earlier clear perspectives appeared to have faded. One reason for this is inexperience in the managing of social contradictions. The actual daily problems blur the essential relationships; between the proclaimed order of values and the everyday practice the multitude of deepening contradictions serve to push socialist values in the background.

Taken together, the marxist-leninist world outlook has not gained strength during the past several years. At the same time a variety of "marxist" views of the world have gained strength. These are not marxist views, nor are they consciously anti-marxist views. In some places these views weaken the marxist hegemony. Within individual value orientations the marxist view of the world no longer fulfills that hegemonic role which marxist ideology occupies in the direction of society, and in the formulation of political practice.

In order for us to reinforce our ideological influence, we must improve our theoretical-ideological activities. We must pay greater attention to the struggle between the

"old" and the "new," and must ensure that instead of debates that increase tensions, but which do not serve the interest of development, the public is preoccupied with the reality of today's processes. The fundamental condition for this is that marxist-leninist theoretical research and ideological work confront the realities and the contradictions of public opinion in a more objective manner. We must avoid the dead-end street, which means that virtually as a matter of reflex, we verify our endeavors vis-a-vis the earlier practice. And if those endeavors to not fit into the old mold, we qualify them as special, exceptional, extraordinary, etc. The value of the steps we take can be measured only by the extent to which they respond to today's needs and the degree of their success.

We must confront out conservative reflexes more seriously, but we also must avoid saying something new at any price, as well as the attractive, but often unrealistic deductions that follow from superficial thought. Our ideological work should instill into people that on the basis of rejections, irrespective of whether those are motivated by "leftist" or "rightist" views, we will never get ahead, and that rejection as a basic position can result only in the delay of solving problems, or in making the resoluton of problems more difficult.

It would be desirable to accelerate the process by which people accept changes. Let more sophisticated thinking sort out illusions and prejudices.

We must transcend the hindrance in outlook by which our view of capitalism begins with the confrontation of capitalism and socialism. Let the public become more thoroughly familiar with the present condition of capitalism, its developmental reserves and its real contradictions. It is equally important that we obtain a true picture about the actual contradictions of socialism. Our ideological work should shed light on the fact that the difference between socialism and capitalism cannot be understood through a mere, superficial comparison of the results the two systems produced. It is the comparison of the essence of the two social systems, and familiarity with the historic opportunities the two systems possess that permit us to understand them. Insofar as the evolution of the two global systems, the competition between the two systems, and the strengthening or weakening of socialist positions are concerned, the on-going constructive work in socialist societies, and to a large extent, what we do in the interest of uplifting our own country has a decisive role.

It is an important task that our theoretical-ideological work provide a more in-depth view of our economic practice, and the relationship of that practice with society. Another void to be filled is public awareness of what science and ideology have explored already concerning the structural changes of our society. We must endeavor to gain public acceptance of the idea that social interest stratification indeed does exist, and that there are unavoidable conflicts between interests. Only in this way

can we formulate an appropriate perception of the realities of social unity, and about possible solutions for interest reconciliation. Our practice is hard put to accept the picture of a monolith society, games played with the concept of equality and the merging of distribution of wealth according to labor with socio-political needs.

The purpose of further developing our political institutional system is the more open expression of interest relationships, and the establishment of political processes that permit the representation of interests. We cannot accept perceptions that simplify this change by advocating the extension of the idea of democratic centralism presently practiced within the party, for the sake of establishing political unity within society. Such ideas emerge under the banners of accelerating development, of doing away with problems. Mostly, however, their source is impatience. Under today's complicated circumstances the policy of alliances requires differentiation, the mutual consideration of interests, credible reasoning and convincing. Most certainly, ideological debates will have an even greater role in places where we can stand fast by strengthening the ideological unity of the party, which is the leading force of society. Our tasks dictate the objective requirement that party members not limit themselves to discussions of practical daily issues, but instead keep in step with the theoretical and ideological problems of our development. They shall be consistent in representing our values: our socialist principles, our awareness of reality, and our preparedness to renew ourselves.

12995

#### Some Responsibilities, Perks, Authority of State Officials Revealed

25000107 Budapest MAGYAR HIRLAP in Hungarian  
4 Jan 88 p 3

[Interview with Deputy Minister Elemer Kiss, deputy chairman of the Government Secretariat, by deputy editor in chief Andras Tabori: "A Minister's Working Conditions"; date and place of interview not given]

[Text] On the very last workday of 1987, the Council of Ministers adopted a resolution regulating the working conditions of senior government officials as of 1 January 1988. We have obtained a copy of the draft resolution; and [in the following interview] Deputy Minister Elemer Kiss, deputy chairman of the Government Secretariat, explains the resolution's provisions, background, and the reasons for its adoption.

[Boxed item: Elemer Kiss, aged 43, is the deputy chairman of the Government Secretariat and a deputy minister. He is a graduate of law school and the Political Academy. He has been in his present post for the past three years and has 20 years of service in various senior administrative positions in the Ministry of Construction

and Urban Development, and the Ministry of Health. Earlier he served for five years in other assignments in the Government Secretariat. He is married and has two children.]

[Question] To whom does this statutory regulation apply, and who is included in the category of senior government officials?

[Answer] The Council of Ministers met on 31 December, adopted this resolution and ordered its publication in MAGYAR KOZLONY. I might add that the New Year's Eve trumpets could already be heard in the council chamber by the time the seal was affixed to this resolution. Its provisions apply to members of the Council of Ministers, and to state secretaries, deputy ministers and persons of similar rank. The main distinguishing feature of the resolution is that it applies also to this category of senior government officials most of the provisions of labor law applicable to every worker. At the same time, the resolution regulates also the peculiarities that stem from the nature of the senior government officials' work and therefore require special provisions, different from the generally applicable rules.

#### Openness

[Question] Why is the resolution being published this time in MAGYAR KOZLONY? Is there a precedent for such openness?

[Answer] There undoubtedly are precedents for such regulation. And there are also precedents, although less well established, for such openness. Of course, even before this there have been regulations defining the rights and duties of senior government officials. But earlier—on the principle that such regulations affect merely several dozen government officials, fewer than 200 persons in all—the view prevailed within the government that it was unnecessary to burden public opinion with such information. Obviously, the principal consideration on this occasion is not the number of persons affected, but the public's keen interest to learn about the working conditions of its senior government officials. And if one pays close attention to what is being said in public, he can gain convincing impressions regarding this interest. To mention my latest experiences: Recently, on the "Sixty-Six" program on TV, a viewer asked the deputy minister of finance why the high incomes of senior government officials are not being taxed. The answer, of course, had to be: Why did the questioner assume that the incomes of senior government officials are tax-free? On the radio the other day, I heard a prominent actor—one whom I, too, hold in high esteem—comment about a play, claiming that it expresses the generally valid behavior stemming from the unlimited power of senior government officials. And I could go on and on citing examples that indicate how widespread are the misconceptions under which public

opinion is laboring. Naturally, this too is a reason why it is best to publish these regulations, because this can truly curb the suppositions and rumors.

[Question] Should we perhaps continue with how the employer-employee relationship is established in the case of senior government officials? Indeed, to whom does a minister surrender his employment book?

[Answer] The National Assembly or—when the National Assembly is not in session—the Presidential Council elects the members of the Council of Ministers; on the proposal of the Council of Ministers, the Presidential Council appoints the state secretaries; and the Council of Ministers appoints the deputy ministers. The employer-employee relationship, then, is established either through election or by appointment. The chairman of the Council of Ministers issues the identity cards of these senior government officials, giving them access also to areas and premises that others may enter only if they have applied for, and have been granted, special permits. But the Government Secretariat administers the employment books of senior government officials.

#### Employer's Rights

[Question] Who exercises the employer's rights?

[Answer] This is rather complicated, and a uniform solution in the regulations is not feasible. Thus the exercise of the employer's rights is split. The National Assembly or the Presidential Council exercises some of these rights. For example, the National Assembly or [when the National Assembly is not in session] the Presidential Council has the right to elect and recall the members of the Council of Ministers and, of course, also the prime minister. And the Council of Ministers exercises the employer's other rights in relation to members of the Council of Ministers, persons of ministerial rank, and state secretaries. This is the general case. However, a minister may exercise these rights in relation to his ministry's state secretary or deputy minister. But there are exceptions to this rule as well, because the prime minister reserves the right to decide certain matters that may be included among the employer's rights. For example, the setting of basic salaries and personal merit salaries. The prime minister—and not the Council of Ministers or the minister concerned—sets these for every senior government official.

[Question] Speaking of salaries, let us dwell on them a bit, because the new statutory regulation contains separate provisions on the remuneration of senior government employees. How will their salaries develop this year, taking also [income] tax into account? I would like to remind you that recently the government spokesman has already made public the salaries of the prime minister, the ministers, and of senior government officials in general.

[Answer] I should have referred to that, too, when we were discussing the precedents for openness. Replying to a reporter's question, the government spokesman briefed the press on these salaries. The proposal now submitted to the Council of Ministers analyzed the development of the senior government officials' salaries and compared them—on the basis of the [latest] available data, for 1986—with the salaries that state enterprises and cooperatives paid their chief executives. I do not want to confuse you with too many numbers and will therefore cite merely a few examples. The prime minister's [monthly] salary, for example, was 35,000 forints. This was less than what about 140 enterprises and cooperatives paid their chief executives, at an average of 40,000 forints a month. Indeed, the chief executives heading the list had incomes twice higher than the prime minister's income. Perhaps this example gives you some idea of how distorted pay ratios have become in this area as well. I might also mention that the salary of the average deputy minister was 23,500 forints, while the average income of the directors of the smallest enterprises run by enterprise councils was 25,250 forints. If in our situation analysis we take into consideration that the higher position involves greater authority, and hence also more responsibility, then this ought to be reflected also in the pay ratios. Although the Council of Ministers has now reviewed and evaluated the situation, it has not adopted a resolution rectifying the disproportions. On this occasion it has decided to do merely what is generally being done in wage regulation: it has abolished the upper limits in the salary schedules, and has set the lower limits by taking into account the present lowest salaries in the various salary grades.

#### Grossified Salaries

[Question] Of course, the amounts are grossified salaries. After all, the prime minister and his ministers also pay personal income tax.

[Answer] Yes, that is right. And we all must get used to the fact that the present higher figures represent the old net salaries, and not higher incomes. The lower limit in the grade for deputy ministers is now 30,000 forints—this is the grossified salary—which means that a deputy minister has 20,000 forints left in his pay envelope, after income tax and contribution to the retirement fund have been withheld. We will be reading in MAGYAR KOZLONY that the prime minister's salary is 62,000 forints, which means that he will have about 32,000 to 33,000 forints left after withholding. This agrees with his previous salary of 35,000 forints, because contribution to the retirement fund was withheld from that too.

[Question] May a cabinet member moonlight or hold two jobs?

[Answer] As a rule, the senior government officials to whom this resolution applies may not moonlight, hold two jobs, or accept a contract that calls for providing work or service. The only exceptions are scientific

research, teaching, and activity that enjoys copyright protection. In other words, a senior government official may publish an article or a book. Naturally, senior government officials may not participate in private businesses, join business partnerships or sit on the boards of banks. Even the appearance of incompatibility must be avoided. I might mention also the restriction that a senior government official may not claim a language allowance, no matter how many foreign languages he speaks.

[Question] Is knowledge of foreign languages included in the job specifications?

[Answer] Not yet, but it is increasingly becoming a qualificational requirement. Most recently, at the consultations that the Council of Ministers held with the KISZ leadership, it was proposed that, from the mid-1990's on, the intermediate proficiency examination in at least one foreign language be made a requirement for gaining a university diploma.

[Question] Speaking of the obligations of senior government officials, I would like to mention that public opinion is laboring under many misconceptions and erroneous beliefs regarding also the perks or—allow me to use the word—privileges to which these officials are entitled. The new statutory regulation itemizes these perks that range from the use of an official car to a K [special] telephone, and from getting an apartment to holidays.

[Answer] There undoubtedly are some provisions in this resolution that may seem special perks, yet they are prerequisites for doing the job. For example, the use of an official car. A member of the Council of Ministers, an official of ministerial rank, or the state secretary who heads a central agency is entitled to [unlimited use of] a car as his emolument. The state secretary of a ministry, an official with the rank of state secretary, or a deputy minister is entitled to a personal car for his official use. For these senior government officials, a car is unquestionably a tool. The adage that time is money truly applies in their case. They have to get quickly from one meeting or conference to another, and have to make frequent trips to the provinces. Consequently, fulfillment of their official duties could hardly be imagined without the use of a car.

We should mention also the right to use the Central State Hospital and Polyclinic. On the one hand, this right enables senior government officials to obtain medical care quickly. On the other hand, this institution offers more comfort and convenience than any other hospital would. There are special telephones, for example. Thus a senior government official can be reached quickly even when he is sick, and he is able to make decisions in his hospital room.

[Question] Ministers are not the only ones entitled to such special [medical] care. To my knowledge, also prominent scientists, actors and specialists are entitled to it.

[Answer] Yes, that is true. It is laid down in a separate statutory regulation. But also an important task of this hospital is to monitor the health of senior government officials, and I might add that perhaps specifically this is the main justification of the care this hospital provides. The annual medical checkup is mandatory.

#### How To Get an Apartment

[Question] The resolution regulates the right to K and MK [ministers' special] telephone service. What does that mean?

[Answer] Senior government officials have respectively K and MK telephone lines in their offices, and the ones of highest rank have them in their homes as well. These lines are connected to telephone networks that are typical working tools providing immediate communication. In this case there is truly no delay in getting a connection.

[Question] The new statutory regulation contains provisions also on housing for senior government officials. It is perhaps needless to say that rumors are rampant particularly on this subject.

[Answer] Yes, I too have heard that senior government officials get villas of this or that kind, as soon as they are appointed. Well, the truth of the matter is that the same regulations apply to senior government officials as to ordinary citizens. With some exceptions laid down in one or two statutory regulations. But these exceptions are not necessarily to the senior government officials' advantage. For example, only very exceptionally can a senior government official obtain a state-owned apartment. Without the personal authorization of the chairman of the Council of Ministers, he cannot obtain housing at all. A senior government official may obtain a state-owned apartment, for example, when he is transferred from the provinces to Budapest. But also in this case the rule applies that he may sell the home or apartment he owns in the provinces only in the official, state-run real-estate market. Anyone who is the least bit familiar with the real-estate market knows that this means a financial drawback, because in most cases the prices in the official real-estate market are lower than in the free market.

#### Vacations, Holiday Resorts

[Question] I read in the resolution that special provisions apply to the vacations of senior government officials, and to their stays in holiday houses at home or abroad.

[Answer] The amount of annual leave is uniformly 24 workdays, no more and no less. But I know of quite a few government officials who, year after year, use up only a

fraction of their annual leave. In this respect, then, senior government officials do not enjoy any special advantage. In the case of protracted illness or poor health, the prime minister may grant additional sick leave or authorize a shorter work week; but this has not happened lately. A senior government official may use the holiday house of the Council of Ministers. On the invitation of a foreign government, and with the advance approval of the official who exercises the employer's rights over him, a senior government official may spend his vacation in a holiday house abroad.

[Question] The disciplinary liability of senior government officials will be of special interest, because the public is hardly aware that a minister, a cabinet member, is liable also to disciplinary action under labor law, besides being politically accountable to the public. How does the new resolution regulate this liability?

[Answer] Actually the resolution's provisions on the possibilities of instituting proceedings against a senior government official are based on a law enacted in 1973. It is common knowledge that senior government officials are accountable politically, but are also liable to action under labor law or criminal law. What the resolution actually does is to determine what procedures are to be followed, on whose initiative (and on whose order), when it does become necessary to institute proceedings against a senior government official. Which means that the prime minister may propose to the Council of Ministers the institution of disciplinary proceedings against a minister. In this case the Council of Ministers appoints a disciplinary committee from among its own members and requests the supreme state prosecutor to participate in the proceedings. This disciplinary committee is not a standing committee, and its composition is tailored to each specific case. The committee can mete out disciplinary punishment, but that may only be either a mild reprimand or a severe reprimand. When more serious disciplinary punishment might be warranted, it is necessary to refer the matter to the Presidential Council or the National Assembly, because the question of a recall could arise. We might have said summary dismissal, but in the case of elected officials this is known as recall.

[Question] This regulation reflects in part the senior government official's political accountability to the National Assembly, and in part his disciplinary liability under labor law, in relation to the state as his employer.

[Answer] It does reflect in part what you have just said, and in part the fact that only the National Assembly—or the Presidential Council when the National Assembly is not in session—may terminate the employer-employee relationship. Speaking of disciplinary proceedings, it should be noted that the rights of senior government officials in such proceedings could be said to be peculiar:

their opportunity to seek redress is more limited than for anyone else, in that they cannot turn to the court or appeal if they feel that they have been reprimanded unjustly.

[Question] Does the new statutory regulation contain any provisions regarding the disciplinary liability of the chairman of the Council of Ministers?

[Answer] This resolution does not contain any provisions regarding the disciplinary liability of the chairman of the Council of Ministers. The prime minister's role within the cabinet is an outstanding one. Therefore it would hardly be warranted, not to mention constitutional, to let the Council of Ministers judge the prime minister's affairs. For this reason the proposal submitted to the Council of Ministers notes that a draft on regulating the employer's rights in relation to the prime minister will be presented to the Presidential Council in the near future.

A few words will be in order about the pensions of senior government officials. Their pensions and other social-insurance benefits also follow the general rules, with a single exception: If a former senior government official served at least 5 years in that capacity but did not retire from there—say, he is the director of an enterprise when he retires—he may elect to base his pension on his income as a senior government official, if it is more advantageous for him to do so. But a former senior government official may exercise this option only if his transfer to other work was not a result of disciplinary action. Retired members of the Council of Ministers have use of an official car, up to a limit of 3,000 kilometers a year.

#### Discretionary Authority

[Question] In conclusion I would like to ask you how to interpret the provisions of the statutory regulation's final sections, according to which the chairman of the Council of Ministers may approve, at his discretion, the same salaries and perks for the senior officials of other state agencies, and of important interest-representing or voluntary public organizations, as the ones to which senior government officials are entitled.

[Answer] This is discretionary authority that is traditionally granted the prime minister. Namely, within the state's organizational structure there are senior positions whose legal status requires separate regulation. The chairman of the OMFB [National Technical Development Commission], for example, has ministerial rank but is not a minister—if he were, the Constitution would have had to list the OMFB among the ministries—yet it is necessary to set his salary and determine his perks. Therefore the prime minister gives him ministerial rank. Or consider the Government Secretariat as another example. Its chairman is a state secretary, and I as his deputy chairman have the rank of a deputy minister. It would be odd if the deputy chairman were a deputy

minister, but the chairman did not have ministerial rank. Thus the statutory regulation authorizes the prime minister to specify the legal status of the heads of such special agencies.

[Question] Why has this discretionary authority been broadened to include also the senior officials of interest-representing or voluntary public organizations?

[Answer] Because other regulations applicable to them are lacking. Had there been such regulations in place, the Council of Ministers would not have broadened its authority to specify their legal status as well. I would say that the Council of Ministers did not want to broaden its authority in this direction; it merely filled a gap and provided opportunity to regulate something in need of regulation.

[Question] Thank you for the interview.

1014

#### Future of Shortwave Broadcasting Discussed

25000083 Budapest MAGYAR HIRLAP in Hungarian  
21 Dec 87 p 3

[Interview with Dr Ferenc Horvath, engineer, chief broadcaster of the Hungarian Post Office's Broadcasting Division: "Shortwave—In The Long Run?"]

[Text] Engineer Dr Ferenc Horvath, a chief official of the Hungarian Post Office's Broadcasting Division, represented our country at the most recent world conference for radio administration held in Geneva. Our correspondent talked with him about the future of shortwave radio.

[Question] Is there any sense in dealing with shortwave radio today, in the age of telecommunications and direct broadcasting by artificial satellites?

[Answer] There is, because satellites can provide programs only to certain land areas. Because of their physical nature short waves can bridge distances of even 5,000-10,000 kilometers. Shortwave (SW) is the only legal means for the national postal directorates of states (or organs designated for this task) to send information to any part of the world.

[Question] Let us admit, at the very beginning of the interview, that in addition to providing information and entertainment the shortwave radio programs have a very important political mission as well!

[Answer] It is not probable that anyone would deny it. But the decameter band suitable for shortwave radio (100-10 meters, the range between 3 and 30 megahertz) has been providing broadcasting for not quite a decade; the other bands belong to various land, air, sea, space research, amateur, etc. services. The many thousand SW

stations of the world—including naturally Hungarian Radio—must share a relatively narrow band between the well known 49 and 11 meters.

[Question] So this is the reason for the interference, fading and bad reception one gets from the loudspeakers of receiving sets?

[Answer] Even if you have a relatively modern radio and good antenna and even if the station you want to hear is broadcasting with great power there is often atmospheric interference and interference caused by other stations. The wavebands designated for broadcasting are overcrowded. "Shouting out" many others one tries to solve the audibility of one's own transmissions (usually successfully) with great transmitter power, wonderful antennas, occupying as many frequencies as possible and even by transmitting all day.

[Question] So there is no sort of ether KRESZ [Traffic Regulations] which might create order in the shortwave band, which is ever narrower with the multiplication of demands?

[Answer] Considering the increasing troubles of SW radio the delegates of the national postal services regularly hold a world conference for radio administration in Geneva. This year I also participated. We met in order to work out a plan for a rational distribution of SW band extensions. Today, officially, there is a total of 462 channels available for shortwave radio broadcasting—for all the countries of the world. We all know that there are many times this many transmitters in operation. And even this would be no problem except that very many have no regard for the interests of others. At the 1984 world conference we, the Hungarians, were entrusted with helping to check who was violating the ether KRESZ, where, when and how many times, and who was broadcasting in forbidden bands, not assigned for the time being. Over 3 years we sent 300 reports per month to Geneva.

[Question] And what was the result?

[Answer] The lack of discipline is astounding. They recorded 747 broadcasts outside the frequency band. Even transmissions of official organs—twice including those of the Hungarian Post Office. They "broke in" illegally into wave domains intended for expansion, to be assigned later.

[Question] If one cannot expand in the SW range for the time being then what is to be done, what is the solution?

[Answer] The frequency records committee of the International Telecommunications Union (ITU) which has been operating since 1865, and so is the oldest international organization, is trying to harmonize the transmissions, the schedules sent in well in advance by the national post offices, broken down according to season. If the computer programmed for this purpose finds a

conflict, and there are very many of these, then a number of experts make proposals—who should broadcast when, at what frequency, with what power, in what direction and for how long.

[Question] But practice shows that even this does not produce order!

[Answer] The ITU committee recommends a peaceful agreement, and calls the attention of the "interlopers" to frequency easement rights—he who has worked longer on the disputed wavelength has precedence. We also have had such problems with the Portuguese.

[Question] What is the Hungarian Post Office doing to see that the shortwave transmissions of the radio reach the "addressees" despite the difficulties?

[Answer] Next spring we are putting our new 100 kilowatt transmitter into operation at Szekesfehervar. It will broadcast the Kossuth program on 6025 kilohertz. The Jaszbereny transmitter being freed would broadcast a part of Our Homeland and the foreign language programs. We are also preparing for single sideband transmission which, by means of a technical trick, makes it possible for a good many more transmitters than at present to be "wedged" into shortwave without interference. Of course this is a very long range task, since it will be necessary to replace billions of radio receivers throughout the world—by 2015 at the latest.

8984

POLAND

Polish-French Friendship Society Visit  
26000069g Warsaw RZECZPOSPOLITA in Polish  
27 Oct 87 p 2

[Unattributed article: "Visit of the Chairman of the French-Polish Friendship Society"]

[Text] "Cultural activity must be based not only on passion but on rationalism as well. This combination alone can produce fruitful contacts between two cultures," said Roger Grivel, chairman of the Lyons Chapter of the France-Pologne Societe, during a 26 October meeting with journalists at the Warsaw headquarters of the "Polonia" Society. That same day, R. Grivel also met with representatives of the Ministry of Culture. The French guests were also received by the chairman of the "Polonia" Society, Tadeusz W. Mlynczak.

12261

**Border Cooperation Protocol Signed With  
Czechoslovakia**

26000069d Warsaw *TRYBUNA LUDU* in Polish  
29 Oct 87 p 6

[Unattributed article: "Polish and Czech Border Cooperation"]

[Text] The 10th meeting of the Polish-Czech Commission for Development of Border Regions ended with the signing of a protocol in Szczyrk. At the meeting, problems in areas like construction, trade, tourism, and environmental protection were discussed. There were also discussed means of reducing air pollution in the area of Ostrava, Katowice, and Bielsko-Biala; improving water quality in border rivers; and preventing extraordinary forms of environmental pollution.

12261

**S&T Cooperation With Lower Saxony**

26000069f Warsaw *RZECZPOSPOLITA* in Polish  
27 Oct 87 p 2

[Unattributed article: "Science and Technology Cooperation Between Poland and Lower Saxony"]

[Text] On 26 October, Konrad Tott, minister and director of the Bureau for Science and Technology Progress and Assimilation, received a visit from Walter Hirche, minister of economics, technology, and transportation in Lower Saxony. They discussed the possibilities for organizing direct science and technology cooperation between research and development centers in Poland and Lower Saxony.

12261

**Party Historians Confer**

26000132a Warsaw *RZECZPOSPOLITA* in Polish  
26 Nov 87 p 2

[Unattributed article: "Meeting of the Party Historians Task Force"]

[Text] The Party Historians Task Force of the PZPR Central Committee's Department of Science, Education and Technological Progress discussed the state and extent of influence exerted by underground literature. The introduction to the discussion was presented by Tadeusz Walichnowski, rector of the Internal Affairs Academy.

12261

**Plenum Supports Stronger People's Councils**

26000132e Warsaw *RZECZPOSPOLITA* in Polish  
27 Nov 87 pp 3, 5

[Article by Krzysztof Mikolajczyk: "The Growth of Socialist Democracy—A Green Light for Councils"]

[Text] People's councils hold an important place in the Polish model of socialist democracy. Their position in the system of state organs, their authorities and actual abilities to take effective actions are a practical demonstration of the relationship between the government and society, the people's influence over policy and of their role in government. In essence, the councils are the citizen's most accessible form of representation and are at the same time the most basic form of social self-government. They are a form of self-government that does not function outside of the government or in opposition to it but are a harmonious component of its structure.

In the last 6 years, the people's councils have undergone especially dynamic growth. The resolutions of the 9th and 10th PZPR congresses expressed a great will to strengthen the position and broaden the authority of local government. In 1983, the law on people's councils and local self-government was passed. Other laws were gradually adapted to the 1983 law. The people's council elections of 1984 were conducted according to a new and changed electoral ordinance. The legal and actual reconstruction of the people's councils was gradual but real. Obviously, this does not mean that we can be fully satisfied with the functioning of the councils. It can even be said that their shortcomings have often been compensated by their successes. The growth of the councils has not been the result of a single campaign. Their growth cannot be decreed by even the best regulations nor even by the best attempts at good will. The development of this form of self-government is a long and complicated political and social process with its own fits and starts.

At the present time, the people's councils are undergoing a period of accelerated growth. A Politburo report to the 6th Central Committee Plenum said that the councils have been given a green light. The document stated that the councils must gain greater independence and become actual rather than theoretical masters of their activities. According to the Politburo, this growth in independence "should lead to an awakening of public initiative and a growth in the economic functions of local government so that better use can be made of local resources and the needs of the citizenry can be better met". The intentions are, therefore, quite clear and they are to activate citizens as fully as possible and to open up previously-unused reserves of social activity for the common good of all.

There is no question that finances are the key to independence and authority of the people's councils. It is money or rather the lack of it that has often made the councils feel helpless. It is quite certain that this is the result of the overall bad economic situation in our

country. However, a good deal of this feeling of helplessness is actually more subjective than real and can also be blamed on poorly-worded regulations that are not adapted to the country's reformed economic and social structure. If I were to say that only 10 percent of the people's councils on the primary level operate on their own financial resources while the other 90 percent are subsidized by higher party organizations, one could then see the scale of this problem. Just how can the councils function effectively without reliable finances and when the most effective councils have to fight for money from the eternally-empty local budgets? And this is money that does not exactly grow on trees.

The Politburo intends to resolve this situation by accelerating the process of decentralization. This is primarily a matter of allowing the councils to undertake some of the enterprises formally handled by the ministries. This will not be a merely formal measure. To put it simply, the revenue from these enterprises was once turned over to the central budget but will now go directly into the regional budgets. If to this is added the proposal to create the best possible conditions for the local authorities to establish new enterprises, especially small businesses and service organizations that will also bring revenue to the councils, and long-term planning of subsidies to allow the councils more flexible budget standards, then we can say that there will be considerable progress in making local government more independent.

All of this is only the first stage of changes. For the second stage, the Politburo proposes the creation of legal standards for communal property. In most general terms, this means that the people's councils will have direct control over some local public property. According to the report, this would make it necessary to give the people's councils a legal personality to guarantee their economic enfranchisement and give them more room for economic initiatives.

Of course, the creation of new opportunities for the independent establishment of local economic policy and more certain sources of income also requires the local governments to assume greater responsibility for meeting local residents' needs. They must be more responsible to citizens and to the state as a whole.

It is quite clear that the position of the people's councils depends on more than just economic concerns. In the past, their degree of independence was restricted by ill-defined relations with the government which often held the upper hand over the councils and "plucked" away their specific powers. The legal provisions on the system of people's councils and regional self-government has clearly strengthened the councils' powers. However, there is still much to be done and in the Politburo's report, we read that "changes in the economic power of the people's councils should be accompanied by giving them a stronger position in dealing with the government" and that "we now need to standardize the appointment of voivodes, mayors and village mayors by

having them elected by councils". The proposals for changes here go even further and, according to the Politburo report, "there have also been proposals to consider general public election of town and city mayors" and, therefore, in universal elections in the given cities and towns, such elections being a real novelty in Poland.

In the Politburo's report, the prospects for the people's councils fulfill the demands and expectations of many self-government activists and advisors. If we add a thorough reform of electoral law, we can expect that the people's councils will in the future play an important role in realizing the second stage of reform and become a major component of the democratization of government.

12261

**Peoples Council Changes Discussed**

*26000133d Warsaw RZECZPOSPOLITA in Polish  
27 Nov 87 p 2*

[Unattributed article: "Changes in the System of People's Councils—Conference of Scholars"]

[Text] The desired trend for changes in the system of people's councils was the subject of an academic conference organized on 26 November in Warsaw by the PRON National Council and the Polish Academy of Sciences' Institute of State and Law.

The vice-chairman of the PRON National Council, Alfred Beszterda, stressed that the meeting considered possible changes in the laws on people's councils. These changes should consider both the expectations of citizens and the government as well as the need to modernize our legal system.

12261

**Gorzow, Kielce Party, Church Officials Meet**

*26000132d Warsaw RZECZPOSPOLITA in Polish  
24 Nov 87 p 3*

[Unattributed article: "In Gorzow and Kielce—Meeting of the Voivodship Authorities With Bishops"]

[Text] On 23 November, there was a meeting in Gorzow Wielkopolski between First Secretary of the Gorzow Voivodship PZPR Committee [KW PZPR] Wiktor Kinecki, Voivod Stanislaw Nowak and Bishop Jozef Michalik, ordinary of the Gorzow Roman Catholic Diocese.

The voivodship authorities presented information on the region's social and economic situation and the tasks and problems that can be effectively resolved only with the full commitment of all of society, and discussed issues of interest to both the government and church.

It was recognized that further progress and improvement in the living conditions of the people depend on the full personal commitment and honest work of all citizens. That is why work to achieve public unity and reconciliation, to involve citizens in public life and to improve living conditions must be a concern shared by the state and church authorities.

The Kielce region authorities, First Secretary of the Kielce KW PZPR and Voivod Włodzimierz Pasternak met with Kielce Bishop Stanisław Szymecki and Auxiliary Bishop Mieczysław Jaworski.

In the ensuing discussion, it was pointed out that the government's intentions were the same as those the bishops stated in a communique from the Kielce plenum conference of the Polish Episcopal Council. It was also stated that the duty of every Pole should be to work to overcome all of Poland's social and economic problems.

12261

**Bydgoszcz Church, Party Officials Confer**  
26000133b Warsaw *RZECZPOSPOLITA* in Polish  
27 Nov 87 p 2

[Article by (HJur): "Bydgoszcz Meeting of Voivodship and Church Authorities"]

[Text] (Own information) Bydgoszcz Voivodship representatives, Voivodship PZPR Committee Secretary Andrzej Matuszczak and Voivod Stanisław Kubczak, met with Bishop Marian Przykucki, ordinary for the Diocese of Chełm. Bydgoszcz Vice-Voivod Edward Molik met with Bishop Jan Czerniak, vicar general of the Gniezno Archdiocese, who was accompanied by Father Kazimierz Kocinski.

During the meetings, problems of concern to both sides were examined. Much attention was devoted to finding possible means of controlling social pathology and especially the growing wave of alcoholism. Both sides also shared their opinions about the prospects for development of the young generation of Poles and stressed the need to create the proper conditions for the development of youth in their fatherland.

The current relations of the Gniezno Archdiocese and the Chełm Curia with the Bydgoszcz Voivodship authorities were positively evaluated as useful and constructive. At the same time, both sides expressed their will to continue these relations.

12261

**Conference on 'Church Propaganda,' Cooperation**  
26000069c Warsaw *TRYBUNA LUDU* in Polish  
29 Oct 87 p 6

[Article by (jk): "State and Church—How To Cooperate"]

[Text] "Church propaganda yesterday and today" was the subject of an academic session organized on 27 and 28 October in Chancza near Staszow. Invited to take part in this session were scores of members of the aktiv of the PZPR and Society for the Promotion of Secular Culture from Nowy Sącz, Tarnow and Tarnobrzeg voivodeships who are professionally concerned with the problems of the study of religions and philosophies and are teachers of religious studies.

Each of the 5 presented reports was followed by lively discussion in which propaganda and educational activity were said to have an important role in strengthening the secular character of the state. Nevertheless, it was stated, the Catholic Church, as a significant political force in Poland, can and should be a partner in solving many problems of common concern to everyone, religious persons and party members alike, and in promoting hard and efficient work and ethical and moral norms.

12261

**Przemysł Defense Committee on Public Property**  
26000132c Rzeszow *NOWINY* in Polish 27 Nov 87 p 1

[Article by (mn): "Shared Responsibility for Protecting Property"]

[Text] (Own information) Having analyzed the state of public safety and order in Przemysł Voivodship, the Voivodship Defense Committee acknowledged that it was satisfactory. The committee also gave positive marks to the state of social discipline and the commitment of the employees of many enterprises to the realization of production tasks this past year. The course of many meetings among citizens, workers and rural residents shows that most of the public understands the directions taken in economic, social and political enterprises.

At yesterday's meeting, the defense committee also examined the problems of protecting property in socialized enterprises. They found that the situation had improved, especially at larger places of employment. However, there are still many shortcomings and irregularities in supervision and internal auditing (chiefly at smaller establishments) and that has led to petty thievery and neglect. The defense committee, therefore, ordered organs of state government and especially the management of enterprises to take steps to better protect public property.

12261

**Teachers Union on Education's Role in Reform**  
26000069b Warsaw *RZECZPOSPOLITA* in Polish  
27 Oct 87 p 4

[Unattributed article: "The Status and Problems of Schools and Education—Plenum of the Executive Board of the Polish Teachers Union"]

[Text] In the opinion of the participants to the plenum meeting of the Executive Board of the Polish Teachers Union, improvement in the functioning of education must be regarded as one of the chief directions for action during the second stage of the basic reform of life in this country.

The participants to the Monday plenum pointed out that schools need well-considered directions of action that would allow them to improve the current state and overcome any obstacles that appear. It was said that the evaluations and conclusions of the association's debate must be regarded as material for the work of the newly-established department of national education. (Polish Press Agency)

12261

**'Wisla-Odra' Society Visits Sejm**  
26000069e Warsaw *TRYBUNA LUDU* in Polish  
28 Oct 87 p 7

[Unattributed article: "Roman Malinowski Visited by Representatives of the Wisla-Odra Society"]

[Text] The chairman of the ZSL Supreme Committee and marshall of Sejm, Roman Malinowski, was visited by representatives of the presidium of the executive board of the Wisla-Odra Society and its chairman, Sejm Deputy Edmund Meclewski, who provided information on the society's activities. Roman Malinowski expressed recognition for the society's activities to strengthen the spirit of the Yalta and Potsdam pacts and to promote the peaceful development of Europe and stressed his belief that the society's actions will continue to be supported by the ZSL and rural inhabitants. During the meeting, several forms of cooperation between the society and ZSL organizations were discussed.

Kazimierz Kozub, member of Presidium and ZSL Supreme Committee secretary, also attended the meeting.

12261

**Poles 'Exploited' by German Reich Organize**  
26000069h Warsaw *RZECZPOSPOLITA* in Polish  
27 Oct 87 p 2

[Unattributed article: "Association of Poles Exploited by the Third German Reich"]

[Text] An organization called the "Association of Poles Exploited by the Third German Reich" was organized in Warsaw on the initiative of former forced laborers in the Third German Reich. The association's goal is to inform other nations about the true fate of Poles exploited by the Third Reich and to obtain material compensation and moral redress for their forced labor under the German occupant.

12261

**Ghetto Uprising Anniversary Preparations**  
26000133a Warsaw *RZECZPOSPOLITA* in Polish  
1 Dec 87 p 2

[Unattributed article: "Preparations for the 45th Anniversary of the Warsaw Ghetto Uprising"]

[Text] "Honoring the memory of those fallen in the Jewish and Polish uprising and reminding the world about the enormity of the crimes committed by German fascism against the Jewish and Polish peoples are the goals of the ceremonies we will be holding in April of next year," stated the chairman of the Organizing Committee for the Commemoration of the 45th Anniversary of the Warsaw Ghetto Uprising, General of Arms Jozef Kaminski, at his inaugural meeting.

In order to give the event its proper sense of importance, the presidium of the Executive Board of ZBoWiD [Union of Fighters for Freedom and Democracy] recommended the establishment of an honorary international committee chaired by Professor Henryk Jablonski to commemorate the historical events.

It was stated during the meeting that the ceremonies which will be attended by more than 4500 foreign guests including 1700 young people will have an antiwar and antifascist character.

The meeting was also attended by the president of the World Federation of Former Jewish Fighters, Partisans and Concentration Camp Inmates, Stefan Grajek of Israel.

12261

**Peasant Role in October Revolution**

26000069i Warsaw *RZECZPOSPOLITA* in Polish  
29 Oct 87 p 2

[Unattributed article: "The Peasant Problem and the October Revolution"]

[text] The theme of an academic session organized on 28 October in Warsaw by the ZSL Supreme Committee Department of the History of the People's Movement was "The Peasant Problem and the October Revolution." During this meeting, much attention was devoted to the great similarities between the histories of the peasant class in prerevolutionary Russia and that of the Polish peasantry.

12261

**School Named for Peasant Leader Witos**

26000069j Warsaw *RZECZPOSPOLITA* in Polish  
29 Oct 87 p 2

[Unattributed article: "Primary School in Krzeszyce Named After W. Witos"]

[Text] A primary school in Krzeszyce was named after W. Witos. The school also received a banner that was funded by a public committee and to which the pupils swore an oath. The vice chairman of the ZSL Supreme Committee, Jozef Kukulka, participated in the ceremony.

12261

**PZPR Academy Views Social Policies**

26000133c Warsaw *RZECZPOSPOLITA* in Polish  
27 Nov 87 p 2

[Unattributed article: "Discussion of Social Policy at the Social Sciences Academy"]

[Text] Social policy during the second stage of economic reform was the subject of a discussion organized by the Social Policy Department of the PZPR Social Sciences Academy on 26 November.

The preliminary exchange of views at this meeting will help in the preparation of materials for the 2nd National Conference of PZPR Delegates next year that will define the concepts for social policy in coming years.

12261

**First National Narcotics Forum Held**

26000069a Warsaw *TRYBUNA LUDU* in Polish  
26 Oct 87 p 2

[Unattributed article: "How Do We Control Drug Addiction?"]

[Text] On Saturday, the two-day first national discussion forum of the Society for Prevention of Drug Addiction ended in Lublin. More than 70 delegates from 22 voivodship cities in which this organization is active participated in the forum. Current methods of preventing and controlling drug addiction were evaluated and the newest methods were discussed. The forum sets its most important goal of working with drug-endangered youth. It was stated that there are provisions for working with youth organizations and the Boy Scouts have shown themselves to be very helpful in this work but the passive attitude of the Union of Polish Socialist Youth was very surprising.

12261

**Psychiatrists Discuss Dependencies**

26000132b Warsaw *RZECZPOSPOLITA* in Polish  
26 Nov 87 p 2

[Unattributed article: "Alcoholism, Drug Addiction, and Other Dependencies"]

[Text] The psychological, social, and biological aspects of alcoholism and other dependencies was the chief subject of a regional symposium of the World Federation of Psychiatrists that met for several days in Warsaw and ended on 25 November. Specialists from many countries traded experiences in prevention, treatment, and rehabilitation and discussed social policy in controlling such pathology.

12261

**OPZZ Notes Growing International Contacts**

26000133e Warsaw *RZECZPOSPOLITA* in Polish  
27 Nov 87 p 2

[Unattributed article: "Polish Unionists in the International Arena"]

[Text] The 26 November meeting of the OPZZ International Cooperation Commission discussed this year's international contacts by Polish unions as well as union plans for 1988.

This year, the OPZZ's international standing and activities increased substantially. The OPZZ's position within the World Trade Union Federation rose steadily, bilateral contacts were restored and relations with the International Labor Organization returned to normal.

The international contacts of both factory-level and national union organizations have also grown.

12261

## CZECHOSLOVAKIA

### New Concept of Foreign Economic Relations Viewed

24000068a Prague *POLITICKA EKONOMIE* in Czech  
Nov 87 p 1165

[Summary] The analysis of benefits arising from the Czechoslovak external relations has proven that, at present, they do not contribute to the strategy of intensification, on the contrary, they act as a deceleration agent. The transition to the more intensive economic growth necessitates not only a number of structural changes and changes in the system of management, but an entirely new concept of development in the Czechoslovak foreign relations.

The most important objective of this concept is to ensure such "inputs" into the Czechoslovak process of reproduction which are of utmost importance to the Czechoslovak economic policy during the coming two decades if it expects to achieve the planned targets. These are:

- creating conditions for substantial expansion of import of cheap energy,
- creating conditions for gradual substitution of CSSR raw material imports by primary product imports,
- creating room for extensive imports of high technology and other advance products from the west.

The development strategies of the CEMA member states as well as developments in other regions show that such "inputs" to the Czechoslovak process of reproduction can be obtained through economic relations with nonsocialist as well as socialist countries. To this end, it will be necessary to change substantially the "outputs" of the CSSR economy, i.e. change the commodity structure of the Czechoslovak exports as well as the CSSR participation in international economic relations.

With respect to the socialist countries, it is necessary to emphasize the export of such products which have top national economic importance or which can contribute essentially to the implementation of their service programs (as for example, tourism, spa treatment, and supplies of luxurious consumer goods, but also importantly, machine tools and chemicals which would enhance research and development efforts).

The expansion of the import of "inputs" needed for the production of these export commodities as well as the intention to modernize CSSR production, necessitate a substantive strengthening of the export performance of the Czechoslovak economy in relation to nonsocialist countries. This requires the fullest possible utilization of

the creative potential of the Czechoslovak working people not only in the production of highly sophisticated products, but also in the expansion of non-material export as well as cooperative and production sharing arrangements.

These changes of material structure, orientation, and implementation form of the CSSR foreign economic relations will undoubtedly contribute to the increase in the primary effects. In our view, however, even more important is that it may lead to an increase of the secondary effects, especially those which follow from the domestic use of foreign products and services. Taking into consideration the relatively high level of openness of the Czechoslovak economy, these effects are a pivotal condition for the further increase in its performance.

### Pricing, Full Khozraschet Relations Explained

24000028d Prague *POLITICKA EKONOMIE* in Czech  
Aug 87 pp 815-823

[Article by Rolf Grunwald: "Price Objectivization and Full Cost Accounting"]

[Text] Principles for Restructuring the Economic Mechanism of the CSSR assume a substantial increase in the responsibility that organizations take for their own development. The implementation of full cost accounting [khozraschet] is intended to facilitate this objective. This means that organizations will use resources generated through the sale of their own products to pay for not only the usual costs of production, but also for costs associated with the replacement of the socialist property entrusted to them by the state.

The distributional function of prices, i.e., their impact on the distribution of total revenues among enterprises and the use of those revenues, necessarily increases under full cost accounting. This distributional function is highly sensitive to quantifications of production costs and profit margins. Much more so, in fact, than the documentary function of prices, which previously received most of the attention relative to plan indicators. Moreover, the distributional function should be linked to the incentive function of prices, and should interfere as little as possible with the role of price in the system of national economic standards.

One important precondition for the successful operation of full cost accounting is the merging of all the functions of prices, including the distributional function, into a uniform price system. This difficult task has now become a major part of systematic price objectivization.

Price objectivization involves the formulation of techniques that will make it possible to express socially necessary costs more reliably in relation to the utility of production. We must make sure that calculated prices provide enough net revenue to cover the costs of production factor replacement and the implementation of principles of self-finance.

Czechoslovak economics literature of recent years has contained numerous ideas that now may be integrated in a working program. Many of these theoretical suggestions are already reflected in official planning and price formation methodologies, but the necessary integrational links to other central management mechanisms have been lacking. This article considers whether we need only to work more assertively to implement the price management procedures that are already in place, or whether we need to change, add to, or further develop other procedures prior to implementing full cost accounting.

### 1. Socially Necessary Costs

Under full cost accounting, prices will become a national standard, independent of the calculations of specific enterprises. Critics of current wholesale price formation techniques agree that actual costs still tend not to be socially necessary, even though they may represent the costs of the sole domestic producer of a product. In addition, cost planning based on existing price levels is not necessarily a reliable measure of necessary labor requirements.

Presently criteria and techniques are being sought to rationalize the price levels of both sectors and organizations. This is needed because new product prices are formed within the context of existing price levels. Price planners think that a solution lies either in making corrections to several cost items (such as depreciation, financial costs, enterprise use of public services), or in standardizing overhead costs and other direct costs. Nevertheless, one may hardly contend that the schematic correction of individual cost items will lead to success in expressing social necessity. "As long as socially necessary costs are derived from actual expenditures, without any built-in incentive for producers to minimize these costs during the planning process, to relate them to public requirements, or to express them without distortion, there can be no qualitative improvement in their predictive capability."

The international division of labor suggests a criterion: limit socially necessary costs to an amount no greater than the price of a potential import substitute, as long as it is feasible in the near future either to change domestic production conditions, or to meet demand for the product line exclusively through lower price imports. "Under these guidelines prices should reflect a level of production costs that will permit the procurement of the required production lines from domestic producers or through foreign trade (if the foreign currency resources are available and if the desired product is freely available)." Imposing constraints mechanically, based on world price levels, in the absence of realistic prospects for changing production cost levels will distort production efficiency and use throughout the capital replacement process.

Foreign pricing criteria also do not help much in those sectors and branches that are operating at a profitable level already under given exchange rates and production conditions. Economic calculations alone, taking no account of production costs, cannot successfully bring domestic relative prices any closer to relative price levels in other economies. In this case, prices themselves cease to function as a national standard. When financial mechanisms are not differentiated concurrently, excess resources in profitable organizations can be taxed away by uniform transfer payments levies, thereby weakening efforts aimed at increasing management efficiency and more effective development. "Changing the structure of the national economy to maximize opportunities for integration in the international division of labor cannot be accomplished, with regard to relative prices, in a unilateral or one-time manner. Only gradual changes in production environments can lead to gradual changes in relative prices."

Simply adjusting our calculations or copying foreign price lists would, in other words, not result in a satisfactory standardization of price levels. This is why Principles for Restructuring the Economic Mechanism relies on the planned management of relative values. This document views the chief path to systematic price objectivization to be pressure exerted by the plan and by economic incentives on producers to reduce production costs, in conjunction with broad, nationwide control of user and consumer prices. This also involves central management and cost accounting incentives, i.e., giving producers incentives to minimize costs and to strengthen the economic clout of users to foster higher quality cost planning and more accurate pricing.

Objectivized production costs are unthinkable without the full integration of physical and value indicators in the state plan. Planned prices must not be allowed to evolve autonomously, at the whim of price office bureaucrats. This must be kept in mind when improving the work methods of all central agencies.

Pressure from the plan can reinforce the "pull" of economic incentives to lower costs. "The problem of transforming actual expenditures into socially necessary costs is not only a question of price formation techniques. Its basis lies outside the price sphere, in the behavior and decisionmaking of economic entities. Success in transforming one set of costs to the other depends on how effectively a given entity minimizes the costs required to meet national requirements when allocating labor, or the extent to which an entity optimizes costs and utility in relation to public needs when reconciling its interests as a manufacturer with the needs of its users."

Improving prices will yield the expected results only if a mechanism begins functioning that effectively links cost accounting at all enterprise levels to individual economic incentives. This mechanism must function between the

central management of an organization and its individual divisions. In the past, under partial cost accounting, not even internal enterprise cost accounting functioned effectively. Many organizations failed to make full use of projections and budgets. "These important economic activities are underestimated by management and are marked by bureaucratic attitudes, formalism, and excessive administrative demands. This results in serious shortcomings in the decisionmaking process, the quality of which determines the degree of success in improving managerial work and economic performance. Collectives frequently have no idea of their production costs or of the effectiveness with which they are operating." (Speech by J. Lenart at CPCZ Central Committee Planning Session. PRAVDA 11 Dec 1986, page 3.)

The price system, projections, and technico-economic standards have been designed to make organizational evaluations and compensation decisions more accurate. Socially necessary costs that are closely tied to the implementation of socialist compensation principles, particularly merit considerations in economic incentives. The quality of price formation cannot be much higher than the practical application of the wage system. The rigor with which employee performance is evaluated must correspond to the rigor with which society evaluates economic entities, and vice versa. Otherwise the isolated pressure generated by the price system would be weakened by the counterpressures exerted by individual and group interests.

## 2. Profit Margin

Full cost accounting is based on the principle that organizations manage only those resources that they have generated through socially sanctioned activities. Profits are an important source for the financing of requirements in a cost accounting environment. Therefore, the prices included in a pricing plan must provide for sufficient net revenues over a long term to allow an economic entity to finance all of its development requirements from internal resources. This principle of self-financing is basic to full cost accounting.

Current practices adhere to these principles. Profit margins for each sector are determined in a differentiated manner, based on investment requirements. In order to eliminate undesirable redistribution processes, these differentiations should be as specific as possible (for instance, within the electrotechnical industry low voltage electrical engineering sectors require more rapid capital investment than the high voltage sectors). In contrast, the desirability of uniform efficiency criteria argues for a uniform profit margin in prices, or for price gradations based on production efficiency. Decisions involve more than just prices. This is why it is unfair to criticize prices for not fulfilling all requirements, even if some of them are contradictory.

The objective distribution of revenues among organizations based on efficiency considerations requires a more standardized and just economic environment. Organizations should have incentives to maximize revenues after standardized transfer payments and any penalties. That is why price planning does not stop today with the designation of a uniform profit margin based on capital assets. Capital asset efficiency and export efficiency are generating the greatest interest among the possible efficiency indicators.

When evaluating the capital stock of an enterprise the most clearly evident differences are related to the age of the capital equipment, its origin (domestic or imported), and its technical sophistication. These evaluations are of course reflected in total profits, which are calculated by using a uniform rate, to be sure, but against unequal bases. The hoped for general inventory of capital assets and the revaluation of the items on this list will help to eliminate this problem.

It is more difficult to quantify the level of utilization of the production capabilities of capital assets. This is expressed as the difference between the technically possible and actual volumes of production at a given product structure and product quality, as produced by machinery of specified condition. Comprehensive data on the economic potential of our capital stock is not available.

What we can study are individual aspects of important relationships, such as the liquidation rate of obsolete equipment, the failure of new facilities to meet design parameters, or poor time utilization of machinery. The above factors may be eliminated with greater or lesser probability through corrections to the base against which profits are calculated, i.e., by eliminating the values of fully depreciated machinery, reducing the value of capital assets based on the degree to which they meet design parameters, or according to their time utilization.

We are pinning our greatest hopes on improving time utilization. Statistics monitor the number of jobs, the number of operator positions, and employment levels for blue collar employees. The shift work coefficient is based on this information. In 1984 the shift work coefficient for all jobs in industry was 1.331 and for machine operator jobs 1.494. Adjustments to account for time utilization, however, do not necessarily reflect capital asset efficiency. For instance, an organization with a high shift work coefficient will not necessarily have labor productivity figures that reflect the sophistication of its capital stock. We must ask ourselves the question, therefore, whether it is effective at all to strive to differentiate profit margins during restructuring and in the pricing plans, in an environment where differences among firms of the same branch result mostly from the nature of their production, the demographics of a given locality, and especially the consequences of our recent focus on extensive development.

For the near future, during our shift from extensive to intensive development, we should be more interested in developing incentives for improving machine utilization and for more effective capital investment. The standardized transfer payment based on capital assets is intended to support this objective.

Export efficiency is taken into consideration when differentiating profit margins. Profits for the exported portion of output are set as the difference between production costs and the purchase price derived from the all charges paid price to the Czechoslovak border. One may obtain a more accurate view of foreign trade profits by calculating total profitability as a given percentage of the actual or adjusted value of the capital stock. The objectivity of the criteria used to set export prices is limited for several reasons.

- 1) the relative prices of products and product assets differ for foreign competitors;
- 2) incentives in the foreign trade area are rather tied to volume of foreign currency obtained than to maximizing unit prices;
- 3) foreign trade profits depend also on the sophistication of our marketing efforts;
- 4) priorities attached to export objectives may increase the percentage of less profitable transactions;
- 5) export profitability fluctuates according to the structure of territories, conditions of trade, etc.

In addition, the predictive capability of the figures used to measure export effectiveness has been reduced. The so-called comparative price indicator, defined as the ratio of the f.o.b. price obtained and the wholesale price, is distorted by the varying profitability levels reflected in wholesale prices. Reducing wholesale prices by a simple price adjustment increases the efficiency indicator. An intended sanction thus becomes a boon to an enterprise with incentives for export performance.

When price adjustments include differentiating profit margins according to achieved comparative price indicators, the producer is favored who either cannot export successfully at all or who exports only small amounts, because differentiation has no impact on this producer. In the interest of creating a socially more just economic environment we must also keep in mind the causes of different levels of export profitability. Factors related to foreign exchange, the pressing national need to generate foreign currency resources and long range foreign economic policy considerations need to be distinguished from shortcomings in production and in the technical and structural policy of the exporting branches and organizations.

Isolated corrections to cost categories and in profit calculations carry the risk that it might be difficult to explain to collectives the impact of numerous such operations on organization profitability. Calculations based on accepted standards may even in some instances show that the socially necessary costs of a product are significantly lower than actual costs. Operating losses will frequently be the result of past developments over which neither the current work collectives nor management had any influence.

Currently, many enterprises operate at a loss. The main reasons for this include low utilization levels of production facilities, the high acquisition cost of these facilities, and the failure of these facilities to meet their design parameters. The wholesale prices established for older products are no longer adequate given the above conditions. It is not, however, an option simply to adjust prices to the efficiency of new investments and the unrealized contributions of changes in the production structure. Low profitability or losses should become a stimulus to the adoption of programs to assure the requisite level of management.

In our opinion, it is more complicated to implement incentives to overcome shortcomings in enterprises that are operating at a loss. We, therefore, consider it essential:

- 1) to pay attention when restructuring wholesale prices to continuity in evaluating enterprises and the retention of advantages derived from clear contributions in the recent past;
- 2) to establish prices that allow for the implementation of full cost accounting across the broadest possible range of efficiency zones.

In across the board price modifications the tendency is to disrupt the continuity of economic performance. Firms that have been operating at a loss become profitable overnight. Employees find it more difficult to understand how a formerly profitable firm becomes instantly unprofitable in the same process. In addition, the introduction of standard transfer payments based on capital stock creates a responsibility to the state budget that is independent of net generated revenue. Not even moderately profitable firms may be assured of having any disposable profits.

Since there is no way of telling when planned price development will create a loss situation, we think twice about whether to bet on initiative and internal incentives in a cost accounting organization or whether we need to adopt measures that are out of the range of our enterprise. Just as internal enterprise cost accounting functions well only when internal enterprise prices are equal to or greater than costs, so enterprise cost accounting is undermined when the organization operates at a loss.

### 3. Utility of Production

The price plan sets price levels for specific sectors and organizations. Organizations must form their own prices to assure that the prices of new products reflect as reliably as possible the development of socially necessary costs along with the utility of the products.

Frequent objections to this so-called cost based price information should not be taken to imply that one may calculate an objective price based solely on data related to product utility. "Considering product utility as one of the most important factors in price information is inseparable from the basic factor in price formation, the determination of value. These factors represent two sides of the same process, because value is always connected to a specific use value."

The relative prices of older and newer products, therefore, depend on calculations of production costs. Under price formation methodology, then, the appropriateness of these prices is judged according to utility considerations. New techniques such as parametric evaluations or the utilization of foreign relative prices create the initial impression that they can be implemented easily and that they fulfill the requirement that prices be objective. Experience shows, however, that the necessary data is not always readily accessible in the necessary amounts or quality and that it is even possible to arrive at different relative prices depending on ones choice of technical and economic parameters, which foreign products are used for comparison, and which calculation technique is chosen.

As long as cost accounting supports only vertical relationships between the center and its organizations, we will have to be content with only an approximate relationship between price and technical and operating parameters. This relationship may in some cases be established using mathematical or statistical techniques. The full utilization of cost accounting, however, is designed to increase the dependency of the cost accounting system on the fulfillment of contractual responsibilities in terms of product mix, quantity, quality, and price. Full cost accounting, in other words, is based on the application of price and goods relationships between suppliers and customers. Arithmetic cannot replace either the comprehensive evaluation or the opinion of a user as to the costliness of an innovation, or the human factor in the decisionmaking process involving a producer and the price office.

Changes in attitude encompass the orientation of producers to the needs and demands of customers when considering the pricing of future products. For a customer, price is an important consideration. This is especially true of foreign customers who have options, as well as for the domestic manufacturer that exports products produced from subassemblies.

Given the more difficult access of organizations to financial resources, perhaps investors as well will begin to manage their own resources more competently. Consumers currently are evaluating the properties of products much more strictly in terms of relative prices.

This means that a producer may no longer depend on the fact that his price, even if it has been derived from the price of an analogous product, will always guarantee a sale in quantities that will fully occupy his production facility. It is no longer sufficient to attach a corresponding price to a set of existing technical parameters. Economic considerations are becoming the most important issues in R&D. The task of R&D today is to provide technically sophisticated products at prices that allow effective production and use, as well as sales levels that will allow a given enterprise to operate at profitable levels.

One possible question is the place of economic incentives for the creators of innovative products. There is a deeply rooted impression that all new products must be more expensive. Our detailed output plans and financial plans have often been drawn up on this assumption. One task of restructuring is to change this attitude. Pressure from the economic mechanism will make technical innovation just as much a fact of life as production itself. If we determine, for instance, that the innovation cycle for agricultural equipment is two years as a world average, then the CSSR must operate on the same cycle. Lagging behind market requirements leads to a lack of profitability and to the production of unsaleable products. Solid market position and maintenance of profitability will become the main factor in enterprise incentives for R&D.

In terms of individual incentives for R&D employees, project plans will incorporate a strengthened role for so-called results components of wages. These amounts will be tied to actual merit and final results of the activities of individuals and work collectives. Successful innovations will have an immediate impact on net enterprise revenue in contrast to the current arrangement, under which the formation of resources for incentives is mediated by volume indicators of wage regulation.

Incentives for enterprise collectives will be focused on increases in enterprise profits that are not related to increased product prices. New products with clear utility will easily gain customer approval at levels commensurate with differences in technical and economic parameters, or relative to the foreign prices of analogous products. If the introduction of new product lines is used as well to introduce technical innovations, the impact will be greater still.

Even in profitable firms, however, different products may have different profitability levels. The system for distributing indirect costs is not even capable of accounting precisely for all costs incurred in the production of a

given product. A product line may not be composed solely of the most profitable items, and neglect customer requirements. One must always be aware that not all innovations can be successful, that losses will rise for instance from declining sales, that increased costs are involved in the startup phase of production of a new product, etc. As long as individual products do not threaten the performance of an entire organization, this is not an abnormal situation. A situation in which all products are equally profitable is an unrealistic conception.

#### 4. Conditions of Implementation

Restructuring the economic mechanism increases the responsibility of economic entities for meeting national economic requirements. This will require an expansion and strengthening of horizontal cost accounting relationships. A revenue for one entity will be an expenditure for another. Full cost accounting is based on the exchange of goods for money and of money for goods. Prices clearly play an important role in this process. We must get beyond a situation in which cost accounting is understood as the documentation of costs and revenues, as an internal affair for an enterprise, without any connection to supplier-customer relationships.

Implementation conditions have a dual foundation:

- 1) an ideal situation is defined as existing when differing product profitability does not stand in the way of meeting customer needs, regardless of the product mix;
- 2) price incentives and penalties will be effective only in exceptional instances in supporting the satisfaction of social requirements.

Producers evaluate the profitability of a given price according to criteria defined by plan indicators. These include the indicator regulating wage resources (adjusted value added, net production) and planned reductions in material costs. Profitability is measured, therefore, by the ratio of total production costs to wages and by materials costs as a percentage of price. It is not enough for the price to cover necessary costs. No new product should weaken overall economic performance as measured by standard indicators. Project plans in the period after restructuring will no longer include those elements of planning methodology which to date have been complicating the rationalization of relative prices in the name of equal product profitability.

Incentives and penalties take the form of preferential pricing and price penalties. Fluctuations in price away from a base value is used, as is well known, mainly for products of high technical sophistication and quality, for luxury products and for products of exceptional quality. In contrast, obsolete, poor quality output receives pricing penalties. Preferential pricing and penalty pricing

make it possible to incorporate some quality considerations into plan fulfillment, which otherwise is based on quantitative, production volume figures.

The practice of preferential pricing has resulted in many instances in increased product prices. These prices have reached satisfactory levels in a worldwide context and have resulted in low comparative price indicators in export. The opinion has been expressed in professional discussions that "wider support for the introduction of economically more efficient capital assets should become evident in terms of the direct impact of this equipment, and specifically in the prices obtained for products produced by this machinery; preferential pricing for producers (penalty pricing for customers) cannot have such a clear and important impact here."

Even penalty pricing has not always functioned as expected. For example, construction firms have requisitioned lower quality fixtures to bring this item in under budgeted cost. The possibility to acquire discounted, irregular tires became a sought after privilege. Many products still of interest to domestic and foreign customers found themselves in the category of technically obsolete products.

Certain shortcomings that have been criticized in the past are now being resolved by placing greater emphasis on the consumer perspective in price incentives. The most recent update of the regulations permits preferential pricing for quality and technical sophistication upon demonstrated export efficiency, clear customer benefit, or based on the signing of a mutual agreement among organizations.

The derivation of an entire chain of domestic prices from relative prices or price levels for final use, and especially from foreign prices obtained for exported products, is an attractive possibility. The first step in this direction was the announcement of purchase prices of exported and imported goods at the selling prices. At first this was mainly an accounting matter, but after aggregating profit, loss, and subsidies from foreign trade to adjusted value added (net production), this amounts to significant price incentives for exported portions of production. Suppliers of components for final consumption are, therefore, applying for a share of the revenues of the final products. On the other side, the less successful exporters want to share their economic failures with their suppliers.

Domestic customers thus find themselves at a disadvantage in cases where the wholesale prices of their products are below the price levels at which their supplier exports. Suppliers have one more reason (in addition to the attractive foreign currency incentives) not to increase production for the domestic market, or to restrict such production, because profits from foreign business are greater than those from domestic activities. In many cases we export quality materials that need some further processing, while the same products are imported from

abroad, and often at a higher price. For instance, we have been exporting tractor tires in recent years, even though our tractor producers have had to import the same line of tires for higher prices. (See speech of J. Uhrik, general director of Martin Heavy Engineering Plants at the national conference on implementing resolutions of Fourth CPCZ Central Committee Plenary Session, RUDE PRAVO, 2 Feb 1987, p 3.) The question arises of how to apply the standards that bring these good foreign prices to products produced for domestic use by organizations that export a large percentage of their production.

A wave generated by direct exports thus has a tendency to expand to other segments of the economy and to create first of all different prices for specific deliveries based on final use. The next step is to influence price levels of all deliveries of a given product line. The above average profitability of exports creates a favorable environment for the spread of these "pressure waves"; these waves create for the entire range of deliveries the opportunity for selling prices to fluctuate in an upward direction from socially necessary costs.

Performance based price incentives for exports hold significant hope for generating the preconditions for the more reliable measurement of efficiency and the more reliable focusing of economic incentives based on differences in enterprise revenues. We will achieve the desired results, provided that during price objectivization:

- 1) suppliers will not be able to misuse their powerful position to create price pressures that led to windfall revenues;
- 2) fluctuations from the base value will provide real incentives for socially positive behavior for both well managed and less well managed organizations;
- 3) selling prices do not violate one of the premises of full cost accounting, i.e., that prices reflect aggregate national standards for labor costs.

The power of suppliers has its roots in the monopoly position of many producers. It is supported, however, by structural disproportions in facilities and inadequate horizontal integration in the plan. Disequilibrium at the macroeconomic level cannot be eliminated exclusively based on price and product relationships. In fact this disequilibrium means that prices are often not even used to establish microeconomic proportions to meet specific needs. This is why such large emphasis is placed, in conjunction with the objectivization of value mechanisms, on the concurrent planned assurance of economic balance, proportionality and a correspondence between supply and demand.

Because understandably we cannot give up the advantages of specialization and production concentration, we also are not in a position to rule out speculative behavior by producers who are able to take advantage of the

indirect relationship between price and the level of satisfaction of demand. We cannot assume that after strengthening the balance between material and monetary resources that completely equal relationships will develop between suppliers and customers. We can also not guarantee that a rational evolution of selling prices will result in mutual advantages for the participating cost accounting entities. Finally, we are not in a position to announce binding regulations for price incentives.

Deviations of selling prices from relative socially necessary costs should serve not only to quantify the impact of selling conditions and differentiation on enterprise revenues, but also as a mechanism to give incentives for adapting production to national requirements. This includes increasing the percentage of first quality products, technically sophisticated products, and products for which there is a demand both domestically and abroad.

Price incentives in the past were implemented in the sense that increases or reductions in selling price were reflected in the level of fulfillment of volume indicators in the plan. These, in turn, formed the basis of personal incentives. The rates governing preferential and penalty pricing were based on this philosophy, as were the conversion coefficients used to adapt foreign conditions for the purpose of calculating domestic prices.

The implementation of full cost accounting and self-finance will make it possible to react to price incentives in both technical and capital investment. This, in turn, creates demands for a balance between excessive allocations to the development fund, the need for resources to adapt production facilities in line with incentives, and the resources to support these changes.

The level of incentives should be commensurate with the financial resources needed to improve production facilities and to implement the merit principle in differentiated average wages. Profit sharing incentives should be used to support an optimal relationship between price incentives for producers and demand generated by a given selling price. The absolute contribution of a given product to enterprise revenues depends both on its profitability and on sales volume.

Experiences with the unrestricted impact of differences in procurement and wholesale prices on enterprise economics indicate that the direct transfer of selling conditions generates in given enterprises either an excess or shortage of internal resources that must be compensated for at the level either of the VHJ or the sector. For this reason we need to continue to make adjustments in procedures when expanding the impact of selling conditions, for instance of goods delivered to consumer goods inventories.

Unrestricted fluctuations of selling prices from modified values should not change the relationship between aggregate prices and aggregate values. If price increases predominate, eventually the purchasing power of the currency will change relative to the goals established during price objectivization. For this reason one of the goals of the ongoing Comprehensive Experiment Regarding Increased Independence and Responsibility for Economic Organizations is the testing of contractual price increases and decreases on consumer goods and industrial goods. The separate monitoring of the resources freed up by these increases and decreases will certainly cause more paperwork, but presumably the study of price evolution will bring compensating benefits.

Generally speaking, one may require that prices established by agreement between socialist organizations be based on accurate calculations of production costs, that these costs be consistent with existing guidelines, and that the costs be incorporated into a system of internal enterprise cost accounting. This will make it possible to judge what constitutes predatory pricing and what are legitimate price incentives, i.e., to differentiate between resources obtained illegally and those obtained in a socially desirable manner. Price incentives should not be dissipated in an uneconomical increase in costs, but should go directly to net revenues, so that the enterprise collective and all of society can share in them.

An inconsiderate approach to decentralization when forming wholesale prices can work against the goals of intensification, as can inflexibility in relative prices, i.e., failing to adapt relative prices to changing sales conditions for individual products. Excessive price increases will not return order to supplier-customer relationships. The objective remains an equivalent advantage for all products and an equal standing for all customers.

Clearly, the implementation of full cost accounting will change existing planning and price formation techniques in ways that will make them better suited to the new role of prices. In conclusion, then, we will attempt to summarize our conception of what will need to be respected in price management in conjunction with the strengthened role of prices on the final distribution of revenues among enterprises.

The integrated management of physical and value ratios in future development will give price planning additional leverage over the development of socially necessary costs before the fact. This will permit planners to stop the arbitrary evaluation of the impact of individual production conditions after the fact. The smooth implementation of wholesale prices will focus more on changes in relative prices of groups of products in conjunction with the evolution of standard costs. This must be accomplished in such a way that the price system can support the ongoing functioning of full cost accounting,

assuming the existence of uniform long range standards and uniform transfer payments to the state budget. The periodic minimizing of profits will lose its previous importance.

Use values required by customers will be the sole criterion in the setting of prices for new products. The impact of these use values on price will be evaluated in terms of their impact on the user. Product innovations will, therefore, result in windfall profits only in extraordinary instances and then only temporarily. Increases in profitability will stem largely from technological innovations. Cost reductions should be reflected in cost accounting performance over the longer term, and result in better managed organizations. Full cost accounting, in other words, requires new approaches to the parametric techniques of price formation and to the standardization of calculation rates, to avoid situations of unjustified price increases or unjustified drawing down of deserved profits.

The importance of the distributional function of prices to the implementation of full cost accounting is certainly not the only aspect of price objectivization related to economic structuring. It is, however, a consideration that in our opinion should have a place in the specification of adopted goals for the standardization of average profit margins calculated into prices, for bringing relative domestic and foreign prices into closer congruence, and for expanding the potential for negotiating contractual prices.

9276/9274

## HUNGARY

**Wage Reform, Stricter Regulations Called Compatible**  
25000085a Budapest MAGYAR HIRLAP in Hungarian  
4 Dec 87 p 8

[Interview with Laszlo Popper, department head, State Wage and Labor Affairs Office: "What Is the Wage Club for? Demands and Expectations—Anyone Can Join"]

[Text] By the middle of next year, the State Wage and Labor Relations Office must come up with a recommendation to the government concerning the implementation of the wage reform. At the same time, the central wage controls that are to go into effect on 1 Jan 1988 will place even stricter restrictions on the enterprises than what they are bound by today. According to Laszlo Popper, department head of the State Wage and Labor Relations Office, there is no irreconcilable contradiction between these two statements.

Our paper has dedicated several articles to the development of next year's new wage regulations. Our readers have already had a chance to familiarize themselves with the arguments voiced in support of central wage controls. We have also asked the business managers of some of our

enterprises to give their side of the issue. With all the attention focused on our day-to-day tasks, however, there has been little talk about the proposed long-term wage reform.

#### Central Control, but...

[Question] The wage controls going into effect next year barely give the enterprises any latitude of movement, despite the fact that at the fall session of parliament the head of our government had warned that the tax reform would have to be followed by a wage reform. There are some who see a contradiction between these things.

[Answer] In my opinion there is no such contradiction. For although our task for next year is to prepare the tax reform, we will have to ensure that the already workable elements of the reform are put into practice as soon as possible. In connection with this it should be noted in that in several areas the central regulations to be introduced next year will make it possible to recognize better performance by granting above average wage increases. What are these areas? Fund-centered regulators have given enterprises a free hand in using the wage funds left over as a result of work force reduction for increasing the earnings of their remaining workers. And this is a real incentive to improve performance. But there are other, similar elements as well: starting next year, instead of controlling wages we will return to regulating incomes.

[Question] Don't central regulations already restrict non-fixed wages and bonuses?

[Answer] Yes, they do, but not in the form of clear-cut rules, but by way of flexible tax regulations. One advantage of this is that owing to these income supplemental wage elements, the enterprises can pursue a more flexible wage policy. True, the tax levied on these elements is still considerable, however, only becomes a hindrance above a certain pay category. Furthermore, by next year there will be areas where enterprises will not even have to take central regulators into account, as they will no longer apply to them.

[Question] Yes, we have already heard about the so-called "wage club."

[Answer] I am not talking about the wage club. What I am saying is that starting in 1988 already, we will eliminate income regulations in certain consumer service organizations. This means that enterprises and cooperatives with earnings of 50 percent or more generated from consumer services—which includes a rather large number of enterprises—can pay out as much in wages as they see appropriate given the type of economic activity they are engaged in, or to be more precise, as much as their operating costs allow.

[Question] And what will happen to those enterprises that had incorrectly assessed the nature of their activities, paid out the higher wages, and later realized that their earnings from services did not amount to 50 percent of their total revenues.

[Answer] Every enterprise can freely shape the structure of its line of activities. If the expected ration of consumer services is only 49.9 percent then it can increase it or cut back on one of its other activities. If it turns out that despite this flexibility the enterprise was still unable to fulfill this condition, it must file in adherence to the terms of the central wage regulations.

#### Strict Conditions

[Question] Everybody is free now to place greater emphasis on services, or at least this is what the removal of central restrictions on wage increases encourages enterprises to do. How does this differ from what has been referred to as the "wage club?"

[Answer] Prospective members of this club are required to meet strict conditions. Originally three criteria had been mentioned as requisites for joining: high economic efficiency; abstention from raising domestic prices and ineligibility for state subsidies. Later these conditions were refined and expanded as follows: in order to meet the high efficiency requirement, an organization's profit-to-asset ratio must exceed 13 percent. According to the income regulations, enterprises who meet this requirement are eligible to receive a profit tax refund. The price condition has also been modified somewhat in that in order for an organization to be a club member it must be able to show that for 2 years it had not done anything contrary to our pricing principles, and had not been reprimanded for engaging in unscrupulous pricing practices. Nor will wage club membership be extended to any enterprise that had to request non-normative state subsidies, even if those subsidies had been parts of a previously approved long-term assistance package. The last condition is similarly strict: taxes must be filed on time; loan payments must be made on schedule; and suppliers cannot be told to "wait in line" to be paid. Even a single instance of default may be considered grounds for disqualification. There is nothing in the regulations that would specifically forbid a club member to grant pay increases in excess of 10 percent; however, before granting such pay raises, they must consult with the ABMH [State Wage and Labor Affairs Office].

[Question] Is there, nevertheless, any kind of a ceiling?

[Answer] No, there is no ceiling; the ABMH cannot prohibit wage increases, it can only recommend to the enterprise to postpone them. When we sit down to consult with an enterprise, we cannot really determine whether or not there is actual surplus production behind a contemplated wage increase.

[Question] In view of the fact that since the introduction of the income level regulations of 1985 many enterprises have increased their wages by 30-40 percent, one can understand why you would want to be cautious. But are you not concerned that more enterprises will apply for, and be formally granted membership in the wage club than the number that can actually fulfill your criteria? Who, for example, will evaluate the applications?

[Answer] After 31 January—which is the deadline for submitting applications—the only thing we will be looking at is whether or not the enterprise has been pursuing a “proper” pricing policy for the past 2 years. The other conditions cannot be examined beforehand as they do not have to be fulfilled until the end of the 1988 fiscal year. The decision to join has been left up to the enterprises’ self-knowledge, sense of responsibility and willingness to take risks.

[Question] Where is the risk here?

[Answer] Those enterprises about whom it later turns out that they have failed to live up to the stated requirements must, like other service providers who had not qualified to join to begin with, file their year-end financial statements according to the provisions of the central wage fund regulatory system. If they are found to have exceeded the limit on wage increases, they will face extremely stiff tax penalties. And quitting the club is also not as “smooth” as one might think...

#### The First Step

[Question] I would not want to spread any rumors, but I have heard that although January is still some time away, they are already talking about doing away with the wage club.

[Answer] Nothing of that sort is being discussed. On the contrary: the wage club is something that we intend to have around for more than just a year, hence those who intend to quit their membership after a year can also expect to encounter some unpleasant situations. Our goal with the wage club is to have more and more members who meet these requirements. So—assuming cooperation from the economic environment—within a few years all of our enterprises will be members, which will eliminate the need for the wage club altogether as we will no longer need to have separate sets of wage regulations.

[Question] I believe that those who for a year now have been pressing for a wage reform to be introduced in conjunction with the tax reform have had more in mind. They have been thinking much more along the line of real wage increases and the elimination of distorted income ratios.

[Answer] But as far as today, or even 1988 are concerned this is still an unrealistic goal. Our wage reform proposal is scheduled to be completed next year. As long, however, as the economy—regardless of whether it has income regulations or not—is unable to provide a proper basis for raising real wages, there is no chance for us to significantly alter the existing income ratios.

9379

#### Greater Enterprise Interest in Increasing Exports Sought

25000085b Budapest MAGYAR HIRLAP in Hungarian  
10 Dec 87 p 4

[Round-table interview with Imre Dunai, deputy minister of Foreign Trade; Laszlo Fodor, deputy general secretary of the Hungarian Chamber of Commerce; Istvan Erdei, director general of the Csepel Machine Tool Factory; Geza Szekely, deputy director general of TVK [Tisza Chemical Combine]; Sandor Kiss, technical director of the Hungarian Refrigeration Industry Enterprise, and Laszlo Honti, deputy director general of the Budaflex Enterprise, by Agnes Marvanyi: “It Is Better if There Is No Better... Round-Table Discussion About Proposed Ways To Increase Exports”]

[Text] One of the unique by-products of our domestic and foreign trade structure is that from time to time we must come up with new ways of encouraging our enterprises to produce profitable and quality products. In the past lean years, however, increasingly careful consideration has had to be given to determining which firms, through what channels and under what circumstances should be given access to better than average development opportunities. For close to 2 years, export-development oriented competitive bidding has helped to bring down investment costs, and stimulated the development of capacities aimed at earning higher profits and greater revenues. So far, 425 bidders have been granted various preferences, resulting in \$500 million in surplus revenues. Has the competitive bidding system fulfilled the hopes placed on it? This was the question we put to the participants in our round-table debate, including Imre Dunai, deputy minister of Foreign Trade, Laszlo Fodor, deputy general secretary of the Hungarian Chamber of Commerce, Istvan Erdei, director general of the Csepel Machine Tool Factory, Geza Szekely, deputy director general of TVK, Sandor Kiss, technical director of the Hungarian Refrigeration Industry Enterprise and Laszlo Honti, deputy director general of the Budaflex Enterprise.

[Question] A while back, the Chamber of Commerce recommended that the enterprises be given real incentives to increase their exports. Since then some branches have already had a chance to assess the lessons of the competitive bidding system. From what I have heard, not every participating enterprise has been satisfied.

Laszlo Fodor: The competitive bidding system has not proved to be the most effective way to boost enterprise interest, as it is centered around the basic notion of bargaining. Moreover, cooperation between the inter-ministerial committee and the bidders got off to a shaky start, resulting in early complaints some of which still have not been resolved. The enterprises have complained that the evaluation of bids is a bureaucratic and cumbersome process that is unjustifiably time-consuming. There is also considerable disagreement about whether or not this form provides adequate incentives for increasing our exports. Still, given our circumstances, we think that the results achieved so far have been generally favorable.

#### Key to the Lock

In the Chamber's experience the enterprises' borrowing policies have been quite reasonable. Furthermore, the investment credits offered by the banks are fixed. Competitive bidding has provided enterprises with important production factors at preferential terms which cannot be dismissed as insignificant. The competitive bidding system has also enhanced structural reorganization. While there are those whose aim is simply to expand their capacity to produce already proven products, at a time of stockpiling restrictions, most enterprises are planning to make new investments, technical improvements and to introduce new products. We now have an active group of enterprises that are on an accelerated course of growth. These centers of innovation, however, are still rather scattered as we still have not been able to generate a collective enterprise interest. We still lack production vertices that are based on collective development and interest, and aimed at exportable final products. Yet time and again we have seen enterprises exporting basic materials from in front of our domestic manufacturers' noses, or else, our background industries being forced to forego development due to a lack of resources, while with access to better quality components these manufacturers could produce more valuable products.

Istvan Erdei: A machine manufacturer cannot submit a joint bid with his suppliers. How would a parts manufacturer who provides 50,000 forints worth of components for a 20-million forint processing machine share in the benefits and profits?

Laszlo Honti: Firms are judged by their environment according to the volume of exports they turn out. This is a unique standard of measurement which no background industry function can replace. It is what determines the amount of trust, credit and preferences they will receive. We in the textile industry have tried to enter into some kind of cooperation with the garment industry, but in the end nothing has become of it.

Geza Szekely: In the chemical industry, the solidity of the product decreases proportionately with the amount of processing it undergoes. The basic material producer

is not willing to share in the manufacturer's risk. For if he does not deliver on time, it can also damage the basic material producer's credit. The conditions here are pretty harsh already.

Imre Dunai: The strengthening of production vertices has nothing to do either with bidding or with exports. Although by inviting bids we do try to move in that direction, it is up to the regulators to generate interest in inter-enterprise cooperation. We have seen a series of indications that our enterprises do not always live up even to their export obligations. If someone makes a better offer he will get the product, not the contractual partner. Under such circumstances it is no wonder some are reticent.

Sandor Kiss: In that case I have a novelty to report, for of the 6 contracts which we are party to, 2 we have entered into collectively with the producer. The farms also want to share in the exports and the higher revenues that can be earned on the foreign markets. True, the contracts we have now had been entered into prior to the outbreak of the raspberry war, but we could not have predicted that the purchase price would skyrocket on the domestic markets as well. The refrigeration industry is satisfied with the competitive bidding system. It has enabled our enterprise to upgrade its operation across the board, and to purchase needed machines and other means of production. One of its great advantages is that it only stipulates an increase in exports, and not the product with which that increase is to be attained; so if the raspberry crop is poor, we can make up for it with other types of vegetables and fruits. In our case the competitive bidding system has meant greater latitude in the area of development.

Istvan Erdei: The way I see it is that it is precisely the bidders who have been put in a very dangerous position. We, for example, are treated as milk cows. We give you the gizmo you want, says the background industry, if in return you give us hard currency or imported parts. They know that we are at their mercy because we have export obligations to fulfill.

#### No One Needs It?

At the time of the signing of the contract it was agreed that instead of following the base year approach we would be measuring cumulative performance. This has been to our advantage for although there may be fluctuations, exports can now be more flexibly adjusted to demand. We have 5 years to attain the export levels we have committed ourselves to. According to all indications, we will be able to do it in 4 years. Still I have this feeling that we are falling behind. For the regulators who are looking at the competitive bidding system from the outside are operating according to an entirely different set of conditions, without swaying from the base year approach. Hence it will not matter if we meet our 5-year export obligations in 4 years; if we deliver less the fourth year than the year before we will not qualify for export

bonuses, and even my managerial premium may be affected. The general regulators should also be rendered more flexible in order to give the enterprises a greater sense of flexibility and stability. If the conditions are allowed to constantly change—not only with respect to the interest rates but also to the availability of funds—enterprises will be understandably reluctant to take on loans for fear that they may not be able to repay them. I think we should stop experimenting with all these different types of preferences and focus on getting enterprises interested in generating profit.

[Question] TVK does not appear to be too concerned about changing regulators as evidenced by its recently started DM 71-million investment project. To what extent have the preferences obtained with your bid contributed to your ability to proceed with the construction of this polypropylene plant?

Geza Szekely: In the chemical industry we cannot afford to fall even a single day behind. In Austria and Finland they have recently put similar plants into operation, as several industries have expressed a need for more and more of these plastics. But we have also put in a leasing proposal to produce linear polyethylene. Our investments are specially constructed; the preferences obtained through competitive bidding constitute only some of the sources we rely on. As far as our investments are concerned they are among several opportunities we have taken advantage of.

[Question] Have we succeeded in making our exports more profitable?

Imre Dunai: One of our basic rules is that we only support the introduction of profitably marketable products. Important export firms have failed to put in qualified bids because of high production costs or their inability to increase their profitability. Although many producers have been noticeably affected by this selective approach, we have been able to ensure that of the products we can sell abroad the more profitable ones constitute the majority.

[Question] What happens if the new products can only be sold below cost or if nobody wants them? Want it or not, the producer is forced to break the contract, for in practice the enterprise cannot meet its stated conditions.

Imre Dunai: After all the bids have been submitted, every member of the inter-ministerial committee gets a chance to weigh, according to professional considerations, the feasibility of the proposed concepts. This is perhaps why our enterprises sometimes feel that the decisions are not arrived at fast enough. If it is considered reasonably certain that the investment will be returned within 3 years, and if the bid meets all other conditions, then it will be given the green light. If, however, following acceptance an enterprise should fail to live up to its contractual obligations, severe sanctions

ensue. The delinquent firm is forced to repay all interest benefits and tax exemptions which makes violating the contract an undesirable option.

[Question] A large majority of enterprises need imported parts and raw materials to produce marketable products. This is especially true for machine tools.

Istvan Erdei: In order to meet our export commitments we are also dependent on imports. Occasionally, however, obtaining the necessary imported parts can be a very complicated administrative process. Approvals and permits often become held up somewhere in the labyrinths of bureaucracy. The proper timing of procurement and delivery, essential for the timely utilization of parts, will depend on our ability to simplify the administrative procedures involved.

#### No Changes

[Question] Based on your experience of nearly 2 years, would you say that the competitive bidding system has lived up to its expectations? Are the preferences and conditions likely to change next year?

Imre Dunai: This year, exports are expected to grow faster than planned, which, to a great extent, can be attributed to the competitive bidding system. As a result of strict conditions, the profitability of foreign sales has also improved. These are measurable accomplishments, although it would be a mistaken illusion to expect an incentive alone to improve our balance of trade. The competitive bidding system will not change significantly next year. The new invitations of bids will be simpler than before, and will continue to give preference to developments aimed at reorganization and bank-supported investments. It will also have to be adjusted to the new tax system which will replace the preferred accumulation tax rates with a value added tax.

9379

#### Restructuring in Practice; Metallurgy at Crossroads

25000087 Budapest NEPSZABADSAG in Hungarian  
21 Dec 87 p 5

[Article by Katalin Bossanyi: "Product Exchange Viewed From Below," the first in a series titled "Borsod Ferrous Metallurgy at the Crossroads"]

[Text] Last year—after long debates—the government decided about putting in order the financial situation of ferrous metallurgy. In the hope of a profitable structural change they canceled the debts of the three large enterprises with a determining role, debts amounting to more than 20 billion forints. The experiences of the year and a half since permit the conclusion that of the "troika" only the Danube Iron Works is capable of lasting profitable operation. The two Borsod giants—the Lenin Metallurgical Works and the Ozd Metallurgical Plants—continue

to weaken; while the results of product exchange can hardly be discerned the tensions of employment and retraining in the Northern Hungarian region can be.

Ozd. In the spring and summer of 1987 there were 600 people in the city without work and according to information from the local council this number may grow to 6,000 within a few years because of product exchange at the Ozd Metallurgical Plants. The report of the county trade union committee summarized this gloomy picture as follows: "As the cumulative result of employment problems in the city and environs the mood of the workers is tense, substantially worse than the county average. There is no panic but in cases one can find extreme manifestations, criticism of the government, of economic policy and of the enterprise leadership, impatience and unrest...."

### What Is Smoldering

"The mood is already more tranquil in the factory, partly as a result of a change in leadership and better information. In any case, our reductions had more smoke than fire!" confided Karoly Kovacs, personnel director of the OKU [Ozd Metallurgical Plants]. "It is true that since we did not get the money for the new metallurgical developments we slowed the schedule so at the end of the year we will have only 2,900 fewer workers instead of the planned 3,400."

According to the "balance" at the end of November 462 left the enterprise this year for work discipline reasons (they fired 33 of them) and six are serving extended warning terms; 774 retired, 701 quit, and there is also a special statistical rubric, "other," which covers the fate of 333 people. About 500 will take advantage of age concession retirement by the end of the year; 750 workers were regrouped within the enterprise and an additional 700 workers will be employed in the new investments. They took on 400 new workers for the structural change program.

### "How is the retraining going?"

"So far we have initiated retraining for 1,237 workers, on the basis of the recommendation of their immediate superiors. We organized 17 study courses but we have been able to start only four, with a total of 145 workers. The truth is that some of the people do not want to study or change jobs, preferring to get sore and quit. Those who are adult enough to be willing to change jobs are sometimes unsuitable for it because of poor health or their low level of schooling. We find, in the midst of the present great transformations, what social burdens the OKU, which has counted as "one city, one factory," must carry with it, which of course all was to the detriment of efficiency. Some of the personnel being freed are women. Most of them are being given work in the city, by El-Ko, Kontakta, Kistext or the Hegyalja Clothing Cooperative—with government aid. We are developing new work opportunities within the enterprise for others, but there is a small group with which nothing can be done—if we weigh only the economical factors. We are organizing a gardening and uniform repair section for them."

"The changes taking place this year represent only the beginning, because according to your structural change program an additional 2,500 of your workers must learn a new trade by 1992, either here or elsewhere!" I interjected.

"Further reduction and redirection is still a 'dark horse' for us," the social director said dejectedly.

So what does the retraining look like now, close up? About 20 women are making electric motor parts in the recently formed winding plant. Previously Agnes Kovacs (Mrs Nemes) worked at the Hotel Kohasz [Foundrymen's Hotel] as a kitchen girl, for 3,300 forints per month. She hopes that she will not earn less here. Mrs Jozsef Marton used to clean up for four shifts in the rolling mill—for 5,000 forints, which counts as good money here. She considers herself lucky because she passed the test after 2 months of on-the-job training—unlike her coworkers. In any case she feels that she cannot "jump around" much because her husband works at Farkaslyuk and they will close that mine at the end of the year. (I learned that the Osd metallurgical works would be glad to take the machinists and welders freed by the liquidation of the neighboring mine. They intend to transfer the 1,000 miners to the Putnok operation of the Borsod Coal Mines.)

Laszlo Dancsok, chief of the plant maintenance section, looked around his modernizing empire with a sort of resignation. Here we find old and new metal cutting machines and leased machining centers; based in part on this equipment they hope to get into profitable new activities, parts manufacture and assembly. "There are machines, there should be work—not bad paying work either—only there are no trained people," the chief fumed. "Half of those retrained flunked the exam. So how can we assume the new tasks?"

According to Janos Fonagy, marketing director and chief manager of the change-of-activity program here, the painful process of change and transformation must be handled with appropriate patience. And of course it does not hurt if all this is accompanied by good earnings possibilities. For example, this is promised by the Tengiz jobs; they are now recruiting for this work the fitters who had been working on the metallurgical investments, 130 of them.

### "But what will happen with the foundrymen?"

"Despite all the contrary rumors we are not discharging trained foundrymen!" the special director protested. "Unfortunately the best are leaving us to try their luck elsewhere; the older ones, with some material sacrifice, prefer to choose age concession retirement. So far we have shut down a number of deficit metallurgical plants; the furnacemen and rolling mill operators freed from here are being employed in other metallurgical sections of the enterprise."

### What Is the Mood?

The rolling works. One of the three lines has been closed—permanently. The 120 operators working in the plant all undertook to learn new jobs needed for a change within their trade. I tried to question the serious looking, tired faced people, but they turned away from an interview. Finally I succeeded in talking to three rolling mill operators, Gyula Jenes, Gyula Lenonet and Istvan Cziffrus. They dashed off a professional lecture about the study course and they did not complain. They said that they were happy to have work—to still have work....

The atmosphere was more agitated in another large plant of the Borsod region, at the Lenin Metallurgical Works in Diosgyor. Of course one might say that the mood was funereal, for first they showed me the site of the eight Siemens-Martin furnaces which had been shut down. On one of the columns among the emptily gaping steel frames was written, as on a headstone: "This martin operated for 108 years; a grateful posterity broke it up in 1986." From here we went to the forging works where my host, director general Laszlo Drotos, was awaited by about 80 freshly regrouped forging plant workers. They sent them here, to a plant which is now becoming independent as a subsidiary, so they could "chip" the overweight workpieces coming out from under the decrepit forging machines, so they could be sold to the machine factories at a better price. The workers listened to the persuasive words of the director general, as they murmured—of course they would do the work. Then one of them turned to me and burst out: "You see what is happening at this enterprise. But why is all of metallurgy in a crisis? Who is responsible that the more and better I work it only increases our deficit!"

The director general remonstrated: "The mood is tense here now.... People feel that we also may suffer the fate of those at Ozd. So far we have tried to make changes quietly; so far we have discharged only those workers who seriously violate work discipline. And in 2 years we have retrained 700 workers for new trades, while our personnel decreased by an additional 1,000, and just those who could be best mobilized left. But next year's changes in the regulators may force us to more draconian steps; in a very short time we must get rid of another 4,000 people—through retraining and regrouping—which could cause employment tension not only in the LKM [Lenin Metallurgical Works] but also in the broader drawing area around Miskolc."

Janos Basti, chief secretary of the county council of trade unions, shares the anxieties of the director general. His opinion can be summarized as follows: Borsod-Abauj-Zemplen can be listed with those counties in a compoundedly disadvantageous situation. The over-emphasis on heavy industry created a one-sided employment structure, and the problems of the metallurgical plants, in a critical situation, and of the coal mines are sharpening the existing tensions. It causes additional difficulties that the great majority of the

farms have unfavorable natural conditions and operate at a deficit, and many of the settlements can be found in so-called backward areas. As a result of demographic problems—the high proportion of Gypsies among other things—unemployment is increasing in the county; at present the number recorded is 1,235. Not only is the number requiring reassignment support increasing but even those beginning their careers cannot find work. (In the past few days they created in Ozd and Miskolc a trade union group for those temporarily without jobs; it offers legal and social aid.) Retraining is progressing more slowly than justified; so far it has affected a total of 3,000 people in the county, but this is divided up among 39 enterprises. In Miskolc and Ozd a total of 780 people were referred to public work, and one third of them immediately quit.

### Conflicting Interests

"You emphasize, just in connection with the Ozd lessons, that representing the workers and defending their interests, seeing to legality and forcing more humane solutions must be handled as a stressed task in the future. Why?"

"Many people in Ozd—the enterprise, the trade union and the chief authorities too—have paid their tuition, learning how larger scale reductions and regroupings must be handled in practice. Local leadership errors and delays in central measures also played a part in the development of greater tension than necessary. We see that some reductions will be unavoidable in the future, but these should not take place in the almost spontaneous manner experienced thus far. Structural change can bring social profit—and this is especially true for the metallurgical enterprises—only if new jobs are created on site together with the shut-downs which cannot be postponed. It indicates the sensitive condition of the county that in the years just ahead we must not only solve employment for 8,000-10,000 people but also must defend their social security. For we have the largest number of dependents per earner in the country, and the income per earner is lower than the average by 3 percent. One third of our pensioners live below the subsistence minimum. So in the efficiency improving measures of the enterprises we are fighting to see that personnel reductions, which seem the simplest, should not be the first thing reached for.... It could ease the problems if the county were to get a larger part of the 1.2 billion forint employment fund now being set up. And if we could get settlement development support, even if just a 'dribble.' New undertakings are being established in the county, as a result of central instructions, primarily around Ozd. But this is little to solve the problems."

All this was added to at the county party committee by the economic policy secretary who said that, on the basis of the formula "the poor man cooks with water," they must solve simultaneously in the county the employment and structural change problems and the development of backward areas. And in practice these goals clash.

## CZECHOSLOVAKIA

**Report on Criminality in Economy**  
24000022 Prague RUDE PRAVO in Czech  
13 Nov 87 p 3

[Article by Karel Walter: "Protecting The Economy—A Public Affair"]

[Text] In the second half of October, the Czech National Council and the Slovak National Council discussed reports on the state of social legality. Prior to these meetings, specific verifications of problems by deputies in election districts and discussions in committees of both representative bodies took place. Reports of general prosecutors of both republics openly and critically pointed out the real state of legality, the level of legal consciousness of our citizens, and problems which require immediate solutions.

The most serious form of breaking socialist law is undoubtedly criminality, which in the past several years has been static overall, and despite all the measures we have had no success in reducing it. For example, according to the report of the CSR General Prosecutor Jaroslav Krupauer, it seems that although there has been a decrease in the criminal acts of leaving the republic, endangering health by negligence, etc., there has been an increase in the number of crimes against property, particularly of thefts and pilferage of property in socialist ownership.

In the SSR in 1986 nearly 7,000 people were prosecuted for the crime of stealing property in socialist ownership. Another 13,000 committed related misdemeanors. In the CSR, too, criminal acts in the economic sector represent the largest group of criminal acts—roughly one-fourth. However, when we are talking about a statistical increase of economic crime, we have to note that it is due to a certain extent to more disclosures and prosecutions of economic criminal acts. On the other hand, it is difficult to estimate how many criminal acts in the economic field remain hidden from the appropriate agencies, or how many perpetrators escape a just punishment.

Why is it that we are still unable to substantially reduce phenomena so dangerous to socialist economy and a healthy development of socialist relationships, such as stealing, false reports of production and inventories, creation of black funds, as well as speculation and possibly even harm to consumers, unauthorized undertakings, etc.? Such questions are being asked by agencies and institutions and all honest people. They were reflected in the reports of the general prosecutors of the republics, they were discussed by the collective reporting committees of the Slovak National Council and the Czech National Council, and many deputies have addressed them in discussions.

The body of prosecutors finds serious shortcomings particularly in the management and protection of properties in socialist ownership, in the adherence to the rules of the reporting system, and most of all in the internal control. The ineffectiveness of the internal control was noted by most of the committees of both the Czech National Council and the Slovak National Council. Also, the report which was submitted to the Slovak National Council by the general prosecutor of the SSR, Pavol Kis, states that management personnel and control groups do not use, contrary to the laws, the necessary initiative to investigate and report criminal acts from which the plant or possibly the entire enterprise and its labor force benefited (for example, by an unauthorized payment of premiums). Thus, it is obvious that The Principles of Control in the National Economy and State Administration of 1982 did not lead to a discernible improvement. Neither has the function of the main controller had a noticeable impact. Deputy Josef Matejka of the Committee for Culture and Education of the Czech National Council pointed out that the units of controllers and enterprise controls are fully dependent on the management of their organizations for their status, evaluation, and premium payments. Thus they cannot consistently defend society-wide interests. On the contrary, predominantly, and in some instances even exclusively, they implement the orders of their managers, thus actually coming into conflict with the reason for their existence.

In judging the problems that have to do with protecting the socialist economy, deputies of both legislative bodies, in accord with reports submitted to them, stressed the close connection between economic criminal acts and non-adherence to the planning, financial, cost, wage and work discipline. Lack of order in these areas is in direct contradiction with the effort to accelerate social and economic development. This fact lead to the logical recommendation that the changes in the legal basis of the struggle against anti-social activities, particularly the make-up of economic discipline and protection of property in socialist ownership, be organically connected to legislative modifications in accordance with restructuring of the economic mechanism. At this time in particular, it is imperative to strengthen the responsibility of production managers for the state of socialist legality in economic activities, with special emphasis on the protection of property in socialist ownership. One fact which merits serious consideration is the composition of the perpetrators of criminal acts which are damaging our economy. From the report of the general prosecutor of the SSR, it is obvious that lately there has been a gradual increase in the number of offenders from the ranks of administrative and technical managers, as well as from the ranks of managerial and control functionaries. The report of the CSR general prosecutor also cited the growing number of offenders from the ranks of economists. That development defined the character, extent, and seriousness of economic criminality from the legal point of view. The material presented to the deputies of the Slovak National Council contains several examples of this kind. Among them is the already known case of

Stanislav Babinsky from Dolny Kubin in whose criminal activities were also involved the former head secretary of the District Committee of the KSS, the former chairman of the District National Committee, and others. Acting similarly, though perhaps to a lesser degree, was the former director of the Joint Agricultural Enterprise in Hurbanov, Julius Bielek. In the course of several years he misappropriated Kcs 133,000 from the funds of the organization. In addition, he also spent a considerable amount of the enterprise money for the purchase of alcoholic beverages, for expensive entertainment and gifts to various people. He was sentenced to 8 and 1/2 years in jail and a fine of Kcs 25,000. In February of next year it will be 5 years since the Central Committee of the Czechoslovak Communist Party adopted the Paper On Increasing the Instrumentality of the Struggle Against Violations of Socialist Legality, Morality, and Discipline. True, some of those "enterprising" people did put brakes on their insolent behavior. Thus, one is perfectly justified in holding the view that the said document gave support at the right moment to the struggle for strengthening socialist legality, as has been manifested in concrete cases. But we are still finding how difficult a struggle it is. After all, this has been confirmed also by the resolutions of the government which in the spring of this year stated that in practice many of the criticized antisocial phenomena persist, that in a number of organizations there are instances of unauthorized personal benefits and enrichment at the expense of socialist property, wasteful management, violations of law, discipline and morality....

Specifically, where do these phenomena appear? They are described in the prosecutors' reports. Purchasing building and other materials including consumer goods at reduced prices or even without paying at all, giving out valuable products as samples, providing free housing and meals in facilities of the organizations, providing various repairs, work and services at reduced rates or without billing for them. In many instances people became accustomed to financing expensive meals including an unlimited consumption of alcoholic beverages, valuable gifts, or grants for ostentatious celebrations of important anniversaries from financial resources or products in socialist ownership, etc. And all that—sometimes less, sometimes more cunningly—through the use of black accounts, billing to the disadvantage of consumers from the ranks of socialist organizations, fraudulent write-offs, etc.

Thus, as became evident from the proceedings of both representative bodies, we know full well where the problem is. Let's go back to the statement of Deputy Josef Matejka made at the meeting of the Czech National Council, that the Committee for Culture and Education of the Council called the indifference of many managers to the breaking of legal norms in their sphere of activity alarming. And further: a manager who enriches himself at the expense of socialist property, who tolerates negative phenomena, insubordination, and irresponsibility, and who causes economic and moral losses (for example,

by his benevolence, by tolerating irregularities, by excusing them or even covering them up by the authority of his function) cannot remain in his function. Also, high-handed intervention on behalf of persons who committed crimes or other serious antisocial acts must be severely prosecuted following removal from office.

During the discussion of the reports on socialist legality in both the national councils, many comments and suggestions were heard, not only concerning the protection of the economy, but also the problems of criminality of the young people, alcoholism, drug addiction, recidivism in criminal activity, etc. However, because in this article we concentrate on problems connected with economic criminal activity, we consider it useful to bring attention to another suggestion, although not entirely new, which was heard in the Czech National Council in this connection. Deputy Cestmir Adam of the Committee for Trade, Services and Transportation expressed the opinion that many people, some public functionaries among them, see that some people build up assets which they could not have earned by their work, but they nevertheless do not put a stop to such dishonesty. Much could be changed perhaps by the suggestion, which was fully supported, among others, by Deputy Frantisek Hofman on behalf of the Committee for Planning and Budget—to make it a legal duty of a citizen to prove that a high income was legally earned. And Frantisek Hofman added: "Because I live on only what I earn by my work, I do not see anything complicated in such a requirement."

It is not the first time that similar proposals have been discussed. They were brought up for example by Deputies Jan Risko and Ludovit Kmet when in the spring of this year the committees of the Federal Assembly discussed reports on the state of economic criminality.

12605

**Family Size Planning Surveyed**  
24000026 Prague DEMOGRAFIE in Czech  
No 2, 1987 pp 107-113

[Article by Jaroslav Kraus]

[Text] Contraception and Induced Abortion

The lower birthrate noted after 1980 and the slower natural reproduction of the population are related to the refusal to have larger families. Women often consider it undesirable to have multiple pregnancies, which is reflected in the great many requests for induced termination of pregnancies and the large number of performed abortions. The frequency of submitted requests for abortions increases in proportion to the number of existing children. If in the case of women having one child 31.2 percent of the women would definitely request abortion, in the group of women having two children this ratio would increase to 60 percent nation-wide. The

proportion of women who would definitely or probably request abortion is growing very quickly, both in relation to the number of children and to the age of the woman.

The marked differences between the attitudes of respondents in CSR and SSR still persist. The refusal to have an abortion is still more prevalent in SSR, in all age groups. The differences in attitudes according to the educational level do not allow us to make universal conclusions. In CSR, women with a higher educational level take a less negative attitude, in SSR the opposite tends to be the case.

For the present, existing contraceptives are still not used adequately to prevent unwanted pregnancies.

Inquiries into the use of contraceptive methods sometimes encounter a certain lack of comprehension, particularly when respondents are answering questions without the questioner being present. Thus, it is not surprising to find a seemingly illogical collection of answers, according to which almost a third of the women of child-bearing age do not use any contraceptive methods and only a third of the women use some relatively reliable methods.

There is an important corollary between the educational level of women and the type of contraceptive they use. The higher the educational level of women the higher the number of women who use contraceptives, as well as the ratio of those who choose some relatively reliable contraceptive method. In examining the correlation between the use of contraceptives and the age of the woman or the number of children, it is necessary to bear in mind that younger women with fewer children often do not have a reason to prevent conception. Similarly, this holds true also about examining the correlation between the use of contraceptive methods and the duration of the marriage.

The results of the Survey of Planned Parenthood (1985) yielded sufficient information about contraceptive methods used, but it was confirmed at the same time that there are persisting problems with the availability of some types of contraceptives (i.e., hormonal contraceptives), as well as with the feasibility of application, especially for young girls.

#### Problems of Child Care

The high numbers of working women and the current life style create many problems in raising children which have an influence on population trends. Question No 20, "Which problems involving child care are the most pressing for your family," was given in order to find out the subjective views of the respondents. Similarly as in the previous surveys, it was found that in the first place among problems connected with child care are problems of material character. According to women, more than a third of those are financial problems. In second place, and relatively not far behind, are housing problems.

Financial problems predominate in all age groups of women, in all groups categorized by the number of children, as well as in all other types of classification. An indirect correlation was found between the importance of financial problems and the level of education achieved by women. Although we can in no way interpret the position of financial problems on the scale of child care problems as an absolute insufficiency of financial resources in the respondents' families—which is proven by the increase of real income—it is obvious that in the past period the real income of childless or one-child families grew faster than that of families with more than one child. The rate of increase of the average income from wages has been faster than the rate of increase of income from social benefits. Thus, there is a growing disparity between families dependent to a large extent on social benefits and families with a considerable number of economically active members, that is childless families (or with one child), and families with a larger number of children.

The child allowances and tax reductions on wages do not completely balance out the increased costs in the family budget when a child is born, particularly if the employed wife-mother is forced for various reasons to stay at home longer than the duration of her paid maternity leave. However, it must be pointed out that the claimed lack of financial means is obviously related to the change in the value orientation of the family. Although the importance of children for today's young family has not diminished, a larger number of children at the very least delays the prospect of a high standard of living to which many young people became used to before marriage, and which, therefore, tends to be considered to be a matter-of-course for many new marriages. Financial problems predominate in almost all income groups of the respondents—even in groups with relatively high incomes. From this perspective, the financial problems of young families have to be judged relative to their subjective points of view.

In contrast to the survey in 1981, there has been a welcome decline in the relative number of reported housing problems. This showed a real progress in resolving the housing situation of families. However, in spite of that, in a third of all cases young couples do not live in their own apartment by themselves, but either in their parents' apartment or with their parents. Instances where they live apart are by no means an exception. In SSR, a greater share of respondents considered the multi-generational living arrangement satisfactory than was the case in CSR. The importance of housing problems diminished with the increasing age of the women as well as with the number of their children.

Following the housing and financial problems, there were 'other' problems which formed a rather diverse unit, including, for example, problems with the marriage partner, partner's parents, etc. Other problems connected with child care range over a wide spectrum of causes. The importance of individual causes differs in

the Czech and the Slovak socialist republics. Women in SSR report somewhat more often than women in CSR problems with the health of their children. Similarly, they are more concerned about child care facilities and their work schedules.

#### Population Measures

Throughout the survey, we ascertained the opinions not only on the current most effective forms of population measures but also on the possible new measures to assist young families. The processing of answers to question No 21, "Which of the following types of assistance to young families do you consider at present to be the most effective", showed a considerable difference of opinion on this problem. The approximately equal relative representation of several kinds of answers proves the necessity to differentiate the assistance to young families.

According to the respondents, the most effective existing type of assistance is the additional maternity leave. This view may be influenced primarily by an element of emotion, as it provides an opportunity to stay at home longer with the child. In the second place, as a matter of relative representation, were loans with state assistance. Their importance for young people are unquestionable since they represent the main component of financial security of new marriages. In the third place, among opinions formulated into answers is the paid maternity leave of 26 weeks. The mentioned kinds of answers represent the attitudes of an overwhelming majority of young married people toward the current system of population measures and confirm that the system, further expanded, is still effective.

The frequency of answers differs according to the achieved educational level, the age of the women, but most of all according to the number of children of the respondents. A longer maternity leave up to 2 years of age of the child was judged positively in CSR by families with a higher number of children, in SSR without regard to the number of children. Paid maternity leave of 26 weeks duration is most highly regarded in CSR by childless couples, it is cited less frequently as the number of children in families increases. The least valued form of assistance—in any combination of categorization—was the possibility of the mother working part-time.

The next question, No 22, concerned other possible measures to assist young marriages which, according to the respondents' ideas, ought to be adopted. The greatest value was placed on extending the paid maternity leave. Here, too, is evident the effort to secure the family financially in the first place, but also at the same time to be able to stay with the child at home. In second place, considered equally important in CSR as the preceding idea, were increased allowances for children. This is an obvious result of thinking about maintaining the

achieved lifestyle even as the number of children increases. Next came ideas concerning housing conditions (more so in CSR) and shortening the work time of mothers while paying full wages (more so in SSR).

Substantial differences in the thinking on new measures were noted in connection to the number of children in the family. Childless couples or families with an only child most often suggested longer maternity leave, whereas families with a greater number of children recommended increased child allowances. In connection with the poorer housing conditions of younger women, those age groups more often suggested improving the housing conditions of families. With increasing age, and as average income increased, recommendations for higher child allowance receded into the background. The requirement for longer maternity leave instead of further increases of child allowances was more often voiced by women with a higher educational level.

#### Return to the Workplace

The concluding part of the survey was aimed at ascertaining the motivation behind either an early return to work (within 1 year of giving birth) or a later return to work (more than 2 years after giving birth). Thus there appeared two separate groups of women who either considered an early (later) return to work or actually did so.

In the group of women of "early return to work" in any kind of classification, financial reasons were without doubt overwhelmingly represented. Other motives were "desire to be back with the collective" and "effort to keep the job." With the increasing age of the women (beyond 25 years) and achieved educational level, the "effort to keep the job" became more dominant than the "desire to be back with the collective". Women, who returned to work within 1 year of giving birth, were for the most part mothers of an only child.

Similarly as in the case of the previously mentioned dominant financial reasons in the first sub-group, for the group of women who opted for a later return to work, the endeavor to "devote ourselves to the child as long as possible" was of prime importance. The second group of responses, having a relative 15 percent representation, was the "impossibility of finding a nursery school". In comparison with the previous survey, this reason receded sharply into the background, partly because of the smaller number of children born during the first half of the 1980s, and partly because of local, considerably differentiated, conditions (lack of spaces in nursery schools in new housing developments compared with their surplus in older building blocks). The frequency of other types of responses was insignificant. The reason "to devote oneself to the child as long as possible" gains in significance as the age of the woman as well as her educational level increases. The situation is exactly opposite concerning the reason "difficulty in placing the child in a nursery school".

Table 1. Attitude Toward Induced Abortion

<u>Attitude</u>	<u>Absolute Numbers</u>			<u>Relatively in Percent</u>		
	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>
Total	6,184	4,340	1,844	100.0	100.0	100.0
Definitely would request	908	703	205	14.7	16.2	11.1
Probably would request	1,237	942	295	20.0	21.7	16.0
Probably would not request	1,103	809	294	17.8	18.6	15.9
Definitely would not request	1,995	1,212	783	32.3	28.0	42.5
Dont know	924	664	260	14.9	15.3	14.1
Undetermined	17	10	7	0.3	0.2	0.4

Table 2. Attitude Toward Contraception

<u>Attitude Toward Contraception</u>	<u>Absolute Numbers</u>			<u>Relatively in Percent</u>		
	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>
Total	6,184	4,340	1,844	100.0	100.0	100.0
Condoms, I.U.D's, Diaphragms	1,975	1,551	424	32.0	35.8	23.0
Other types regularly	312	212	100	5.0	4.9	5.4
Some type irregularly	787	565	222	12.7	13.0	12.0
Do not try to prevent pregnancy	479	301	178	7.7	6.9	9.7
Do not use contraceptives	1,863	1,188	675	30.2	27.4	36.6
Woman is pregnant	645	449	196	10.4	10.3	10.6
Sterility	95	59	36	1.5	1.4	2.0
Undetermined	28	15	13	0.5	0.3	0.7

Table 3. Problems of Raising Children

<u>Type of Problem</u>	<u>Absolute Numbers</u>			<u>Relatively in Percent</u>		
	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>
Total	18,552	13,020	5,532	100.0	100.0	100.0
Financial problems	6,632	4,726	1,906	35.8	36.3	34.5
Housing problems	3,158	2,372	786	17.0	18.2	14.2
Health of child	1,145	576	567	6.2	4.4	10.2
Health of parents	185	113	72	1.0	0.9	1.3
Preschool facilities	887	498	389	4.8	3.8	7.0
Care for child during sickness	1,172	814	358	6.3	6.3	6.5
Inconvenient work hours for mother	1,404	870	534	7.6	6.7	9.7
Unsatisfactory services	1,753	1,293	460	9.4	9.9	8.3
Other	2,216	1,750	400	11.9	13.5	8.3

Table 4. Current Most Effective Form of Assistance to Young Families

<u>Form of Assistance</u>	<u>Absolute Numbers</u>			<u>Relatively in Percent</u>		
	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>
Total	18,552	13,020	5,532	100.0	100.0	100.0
Assistance at birth of child	1,414	878	536	7.6	6.7	9.7
Paid maternity leave of 26 weeks' duration	2,809	2,054	755	15.1	15.8	13.6
Further maternity leave up to 2 years of age of child	3,675	2,474	1,201	19.9	18.9	21.8
Possibility for child's mother to work part-time	1,171	820	351	6.3	0.3	6.3
Loans with state assistance	3,073	2,188	885	16.6	16.8	16.0
Assistance already for first child	2,546	1,937	609	13.7	14.9	11.0
Bonuses for children	2,319	1,621	698	12.5	12.5	12.6
Other	157	114	43	0.8	0.9	0.8
Dont know, did not think about it	1,388	934	454	7.5	7.2	8.2

Table 5. Other Possible Measures to Assist Young Families

<u>Type of Measure</u>	<u>Absolute Numbers</u>			<u>Relatively in Percent</u>		
	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>
Total	18,552	13.020	5.532	100.0	100.0	100.0
Longer paid maternity leave	4.282	2,821	1,461	23.2	21.8	26.5
Increasing bonuses for children	4.071	2,829	1,242	21.9	21.8	22.5
Increasing maternity assistance	802	438	306	4.3	3.3	6.6
Raising the ceiling on loans to newlyweds	632	498	134	3.4	3.8	2.4
Improvement in housing conditions	3,208	2,558	650	17.3	19.6	11.7
Shortening mothers' working hours while maintaining full wages	3,586	2,450	1,136	19.3	18.8	20.5
Improvement in the standards of trade and services	1,101	731	270	5.4	5.6	4.9
Other	268	188	80	1.4	1.4	1.4
Dont know, did not think about it	702	509	103	3.8	3.9	3.5

Table 6. Reasons for Early Return to Work

<u>Reason for Early Return</u>	<u>Absolute Numbers</u>			<u>Relatively in Percent</u>		
	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>
Total	2,964	1,308	1,058	100.0	100.0	100.0
Financial reasons	1,539	700	839	51.9	53.5	50.7
Keeping in practice and in touch	172	81	91	5.8	6.2	5.5
Women is interested in and enjoys work	193	78	115	6.5	6.0	0.9
Desire to be back with the collective, with people	412	194	218	13.9	14.8	13.2
Interest in keeping job	471	138	332	15.9	10.6	20.0
Other reasons	177	116	61	6.0	8.9	3.7

Table 7. Reasons for Delayed Return to Work

<u>Reasons for Delayed Return</u>	<u>Absolute Numbers</u>			<u>Relatively in Percent</u>		
	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>	<u>CSSR</u>	<u>CSR</u>	<u>SSR</u>
<u>Total</u>	5,173	1,280	6,453	100.0	100.0	100.0
Stay with child as long as possible	3,137	700	3,837	60.7	54.7	59.5
Health of child	408	132	540	7.9	10.3	8.4
Unable to place child in nursery school	797	245	1,042	15.4	19.1	16.1
Fear of being overworked	392	73	465	7.6	5.7	7.2
Women enjoys, and is interested in housework	168	57	225	3.2	4.5	3.5
Family income is sufficient	129	32	161	2.5	2.5	2.5
Other	142	41	183	2.7	3.2	2.8

**Conclusion**

The demographic survey entitled Examination Of The Population Situation (1985) contributed to a deeper understanding of the situation in Czechoslovakia during the time which has been marked already for the past 10 years by a declining fertility of women and a falling birthrate, as well as by a decrease in the number of children born each year. In the long term, this downward trend also puts at risk the level of simple population reproduction. The trends in the population behavior of people in the Czech and Slovak socialist republic indicate that the level of reproduction in SSR is slowly beginning to approximate the lower reproduction level in CSR. However, the survey also confirmed that the birthrate in CSSR remains relatively high in comparison with the situation in a number of West European countries, or with Hungary or the German Democratic Republic. Nevertheless, the low birthrate will continue to contribute to a deepening asymmetry in the age structure, which will be reflected in an accelerated process of the aging of the population.

The results of the survey fully confirmed that in CSR as well as in SSR the indisputably prevalent model is that of a 2-child family with a slightly decreasing variable

spread from the model of a 1-child family or even more from the model of a 3-child family. However, in comparison with the results of the previous survey, the continuing decline of the ideal number of children does not entirely rule out the possibility of a further decrease in the size of the family.

The knowledge, gained from the results of the survey, offers the opportunity to evaluate the economic incentives for today's young families—length of maternity leave, size of child allowances, work time of employed women, etc. The working conditions of employed women also relate to it. A real progress, achievement in the solution of the housing situation of young families, does not, however, obscure the need for further improvement in the housing conditions of families with many children. A number of the mentioned measures is contained in the Main Directions Of The Economic And Social Development Of Czechoslovakia In The Years 1986-1990 adopted at the 17th Congress of KSC. The results of the survey, therefore, represent a further contribution to the formulation of the social policy of our society.

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